

An Early Look at the Economic Stimulus Package and the Public Schools

Perspectives from State Leaders

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December 2009

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Introduction

The American Recovery and Reinvestment Act of 2009 (ARRA), also known as the economic stimulus package, represents an unprecedented infusion of federal dollars into the nation's public education system—about \$100 billion over two years, or more than double the fiscal year 2009 budget for the entire U.S. Department of Education (ED). These funds are intended to stave off teacher layoffs, stabilize declining state and local education budgets, and blunt other negative effects of the economic downturn for schools. They are also meant to encourage reforms in schooling that will improve student achievement.

This report by the Center on Education Policy (CEP), an independent nonprofit organization, takes an early look at the status of state implementation of the main ARRA programs that affect elementary and secondary education. Our findings are drawn from a survey of 44 participating states and the District of Columbia (which is counted as a state in the tallies for this report).¹ The survey, which was conducted by telephone from late August through October of 2009, was developed, administered, and analyzed with support from Policy Studies Associates (PSA), our contractor. In 19 of the participating states, including D.C., senior officials responded from both the state education agency (most often the deputy superintendent) and the governor's office (most often an education policy advisor). In 23 states, only the state education agency responded, and in 3 states, only the governor's office responded.

To increase the likelihood of obtaining candid responses not colored by politics or other factors, we ensured participants that their responses would be confidential and would not be reported in a way that would make it possible to identify a particular state or individual as the source. More details about study methods can be found in the appendix to this report.

Our survey focused primarily on two programs under ARRA: the \$48.3 billion State Fiscal Stabilization Fund, a formula grant program that provides aid to make up for losses in state revenue for public schools and postsecondary institutions; and the \$4.3 billion Race to the Top (RttT) Fund, a competitive grant program intended to encourage and reward states that are creating the conditions for education innovation and reform. The survey also included questions about the extra funding available through ARRA for the federal Title I program for low-achieving children in low-income areas and the federal Individuals with Disabilities Education Act (IDEA) for students with disabilities.

Several of our findings pertain to four assurances that states must submit in their applications for ARRA funds. Specifically, states must assure they will make progress in four areas of education reform:

1. Increasing teacher effectiveness and addressing inequities in the distribution of highly qualified teachers
2. Establishing and using data systems that track students' progress from prekindergarten through college and careers and that foster continuous improvement
3. Developing and implementing rigorous standards for college and career readiness and high-quality assessments
4. Providing targeted, intensive support and effective interventions to turn around the lowest-performing schools

At the time of our survey, states had applied for and received the first portion of the stimulus money for elementary and secondary education, and these funds had just begun trickling down to districts and schools. At that time, states were still awaiting federal guidance for the second portion of the stimulus money. Future reports in CEP's three-year study of ARRA will cover local as well as state implementation.

Our analysis for this report also looked for statistical relationships between states' responses and various educational, economic, and other factors, such as the political party of the governor. By and large, we did not find significant difference in responses based on these factors, as discussed in the appendix.

¹ Although we note at the top of each figure and table whether the District of Columbia answered that survey question, we do not identify in the text or tables which particular responses included D.C. in order to maintain the confidentiality of D.C.'s responses.

Main Findings

Seven main findings emerged from this initial phase of CEP's research on ARRA:

1. State education funding problems are likely to worsen in 2010, as more states foresee shortfalls in their K-12 education budgets.

ARRA funds appear to have staved off education budget cuts in some states, but they may be a short-term fix. Of the 24 states responding to a question about funding on our governors' office survey, a majority (14) expected state funding for elementary and secondary education, excluding ARRA monies, to decrease in fiscal year 2010 compared with fiscal 2009. For 2010, four of the 24 states expected education funding to stay about the same, and 6 expected it to increase. Our general finding of more budget problems to come is consistent with research by state organizations.²

Although the education budget picture for 2010 appears grim in many states, elementary and secondary education is expected to fare better than other major areas of the state budgets, according to 17 of the 24 responding states.

The 14 states that foresee education cuts for 2010 represent a jump from the 9 states out of 24 that reported decreases in state K-12 education funding (again excluding ARRA monies) in fiscal year 2009 compared with 2008. In these states with fiscal 2009 cuts, ARRA funds probably helped soften the blow of the economic downturn.

2. Forty-one states plan to apply for Race to the Top grants, even though the requirements governing this program are stricter than those for other ARRA programs.

Thirty-nine states indicated that they intend to apply for RttT grants in phase 1 of the competition, and two states intend to apply in phase 2. Four states were undecided about whether they would apply, according to our survey, and no state said it would not apply. This willingness to apply despite the program's strict rules suggests that states are looking for funding from all available sources to counteract the dire economic situations they expect to face in the near future. "The financial challenges are worse now than ever," said one survey participant. "School people want the RttT funds because we need every bit we can get."

3. States appear to be more certain about their plans for fulfilling the two ARRA application assurances that are more easily accomplished by state actions than they are about the two assurances that depend more on local conditions and priorities.

In particular, states have clearer plans for creating longitudinal data systems (assurance 2) and adopting rigorous new academic standards and assessments (assurance 3) than they do for improving the effectiveness and distribution of teachers (assurance 1) and turning around low-performing schools (assurance 4). This is probably because teacher improvement and school reform issues are more explicitly local responsibilities and their implementation will depend a great deal on local decisions. In the areas of data systems, standards, and assessments, by contrast, state leadership has been the primary driving force.

In addition, states may find it easier to establish data systems, standards, and assessments because these are relatively straightforward, discrete tasks that build on efforts that were well underway before ARRA was enacted. ED

² See National Governors Association and National Association of State Budget Officers, *The Fiscal Survey of States, 2009*, www.nga.org/Files/pdf/FSS0906.PDF; and J. Hurely & C. Tubbesing, Breathing Room, *State Legislatures*, October/November 2009, www.ncsl.org/Portals/1/Documents/magazine/articles/2009/SL_1009-BreathingRoom.pdf.

has been fairly prescriptive about the elements to be included in longitudinal data systems, and many states have received federal support for this work. Similarly, a consortium of states had already begun to move ahead with common core standards. Although these reforms might have happened anyway, the stimulus package appears to have reinforced and in some ways advanced these efforts. Particularly noteworthy is the emphasis in ARRA on aligning K-12 standards and assessment with expectations for college and work readiness and on tracking students' progress through all levels of the education system, from preschool through postsecondary.

Improving teacher effectiveness and turning around low-performing schools are more nebulous goals that often require systemic, multi-faceted, and long-term approaches and controversial actions. Furthermore, the best ways to improve teacher quality or reform failing schools are not always clear and may vary depending on the context. "In an urban school system, you can't turn them all around in two years," said one respondent. "You don't want to run after every new idea; you want to look at data in a measured, planned way."

4. The majority of states are considering adopting the common standards for core subjects being developed voluntarily with leadership from the National Governors Association and the Council of Chief State School Officers.

According to our survey, 33 states are considering adopting the common core standards currently in development. These standards will be aligned with college and work expectations, include rigorous content and skills, and be internationally benchmarked, so states that adopt them will fulfill the ARRA assurance for rigorous standards. Two states reported that they are not considering adopting these common standards, and seven were undecided.

5. States are taking an active role in overseeing and directing local uses of ARRA funds.

Generally, governors' education advisors and deputies in state departments of education reported that they plan to take an active role in such areas as suggesting approaches for achieving the reforms covered by the ARRA assurances, determining the uses of funds, and providing guidance to districts on separate accounting of Title I and IDEA funds appropriated through ARRA.

6. The main problems states have encountered in allocating or using ARRA funds are multiple or inconsistent reporting requirements, a lack of administrative funds, and a lack of state capacity.

All 45 responding states noted a problem with the multiple or inconsistent reporting requirements imposed by ARRA, other federal authorities, state government, and or non-governmental entities that monitor implementation. For 29 states this was a major problem, and for 16 states it was a minor problem. Shortages of state funds to assist school districts in implementing ARRA was rated as a major problem by 25 states and a minor problem by 18 states. Twenty-four states cited capacity limits that constrained states or school districts from absorbing and using ARRA funds as a major problem, and 18 states viewed this as a minor problem.

7. More timely federal regulations and relief from some of the more prescriptive ARRA requirements were the types of assistance that states most often said they most needed.

When asked what kinds of assistance they needed to allocate or use ARRA funds, 35 states reported having a major need for timely dissemination of regulations and guidance from the federal government. Twenty-five states expressed a major need for relief from particular requirements.

Key Study Questions

The remainder of this report describes additional findings from our survey beyond the seven main ones discussed above and includes figures or tables with more detail about the main findings. The additional findings are organized around four key questions that guided our research in the first phase of our study:

- What is the status of state funding for education this year and next year?
- How are states responding to the education reform requirements in ARRA's four assurances?
- How strong of a role do states expect to play in overseeing or directing reforms and implementing stimulus programs?
- What problems have states encountered in implementing ARRA and what types of assistance do they need?

What Is the Status of State Funding for Education This Year and Next?

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Figure 1 provides details to support the first main finding that state funding problems are likely to worsen in 2010. The figure shows the number of states reporting that funding levels for elementary and secondary education had increased, decreased, or stayed the same from fiscal year 2008 to 2009, as well as the number of states projecting increases, decreases, or stable funding between fiscal years 2009 and 2010. Representatives of the governors' offices in 24 states, including D.C., responded to these funding questions.

Concerns about shortfalls of education funding in 2010 may well explain the desire of 41 states to apply for a Race to the Top grant, as noted in the second main finding. In the four states that were undecided about whether they would apply for RttT funds, the reasons for uncertainty included one or more of the following concerns: that a specific program requirement presented a serious impediment to the state's application, that the state lacked the personnel to complete an application, or that the RttT requirements go beyond what the state is currently willing or able to do.

Figure 1. State status and projections of funding levels for elementary and secondary education
24 states responded including D.C.

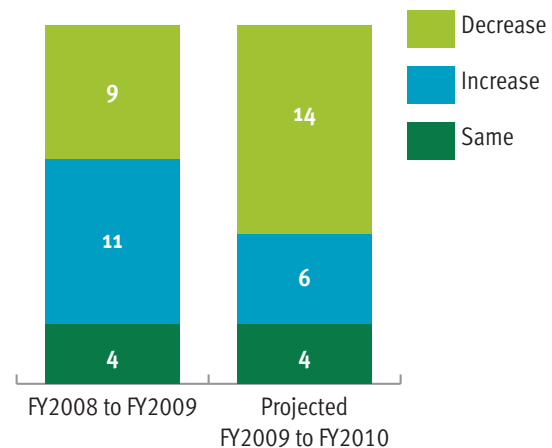


Figure reads: Nine states indicated that the funding levels for elementary and secondary education decreased from fiscal year 2008 to fiscal year 2009. Fourteen states projected that funding levels would decrease from fiscal year 2009 to fiscal year 2010.

Source: CEP surveys of state officials, 2009.

- States reported relying on state dollars more often than on funds from federal, local, or private sources to support the reforms embodied in the four ARRA assurances.

We asked states which of the following sources of funding they were using to support the reforms in the four ARRA assurances: state funds, local funds, ARRA State Fiscal Stabilization funds, ARRA Government Services funds (a pot of money that governors can use to support any government service, including education), Statewide Longitudinal Data Systems funds (a pot of money appropriated by ARRA specifically for competitive grants to build these systems), other federal funds, or private sector funds. The survey did not ask states to report the amount of funding from any of these sources, their specific uses, or the timetable for using them.

Table 1 shows how many states rely on each of these sources to support state reform efforts tied to each of the four ARRA assurances. State funds were the source of support most often mentioned; for each of the assurances, 35 states or more are using state funds to carry out their reform strategies. ARRA government services funds and private sector funds were mentioned least often as sources of support.

The specific funding sources varied by assurance. To develop their statewide longitudinal data systems (assurance 2), 35 states are using the ARRA funding appropriated for this purpose. Twenty-nine states are also using ARRA statewide longitudinal data funds to support reforms related to teacher effectiveness (assurance 1). Fewer states are relying on dollars from this source to implement the other two assurances. ARRA fiscal stabilization funds were mentioned most often as a source of support for improving teacher effectiveness (26 states) and least often as a source of assistance for implementing data systems (12 states).

Local funds were a fairly common source of support for reforms related to teacher effectiveness (22 states), standards and assessments (20 states), and low-performing schools (20 states). “Other federal funds” were cited most often as a source of support for low-performing schools (30 states) and least often as a source of support for longitudinal data systems (15 states). These “other” federal funds came from several sources: Titles I, II (including the Mathematics and Science Partnership program), V (including the Teacher Incentive Fund program), and VI of the Elementary and Secondary Education Act (ESEA); IDEA; and the Race to the Top program.

Table 1. Funding sources being used by states to respond to ARRA assurances

42 states responded including D.C.

Assurance	State funds	Local funds	ARRA stabilization funds	ARRA government services funds	Statewide longitudinal data system funds	Other federal funds	Private sector funds
1. Teacher effectiveness	37	22	26	5	29	24	12
2. Data systems	35	13	12	5	35	15	8
3. Standards and assessments	39	20	17	3	17	21	8
4. Reform of low-performing schools	35	20	17	2	11	30	4

Table reads: To carry out ARRA assurance 1 (improving the effectiveness and equitable distribution of teachers), 37 states reported using state funds, and 22 reported using local funds.

Note: States could select more than one response.

Source: CEP surveys of state officials, 2009.

One state respondent alluded to the tension that exists between “getting the money out quickly and spend[ing] it effectively on long-term efforts” and noted that there is “a disconnect at the federal level between the stated objectives of the funds and the green eyeshades coming back through.”

- **Most states do not expect the administrative funds available for Title I and IDEA under ARRA to cover their costs of administering these programs and meeting reporting requirements.**

Administrative funds were not adequate for Title I according to 27 states, or for IDEA according to 25 states. In response to an open-ended question that asked why these funds were inadequate, eight states noted that even with the ARRA administrative funds, the capacity of their state education agency staff is too limited to carry out the reporting, monitoring, and technical assistance responsibilities assigned by ARRA. Other states indicated that they had already allocated the ARRA funds to school districts before it became clear that the state could keep a greater percentage of new funds for administration, or that they were unaware state administrative funds were available at all.

- **A majority of states plan to encourage school districts to request waivers from ED to allow them to allocate a portion of Title I school improvement grants appropriated through ARRA to non-Title I high schools.**

Our survey asked state education agency officials whether they plan to encourage school districts to request waivers from ED that would allow them to award school improvement funds appropriated through ARRA to non-Title I high schools. Out of 39 state respondents, 29 answered yes, 3 answered no, and 7 indicated they had no plans yet in this area.

How Are States Responding to the Education Reform Requirements in ARRA's Four Assurances?

Our survey asked state officials several questions about how they were addressing the four assurances that states had to submit to receive ARRA fiscal stabilization funds and that they must include in a more detailed version in their RttT applications. In particular, we asked whether certain reforms are included in their state's plan for a particular assurance. We also asked which specific reforms are most critical to the state's reform agenda and when the state expects each specific reform to be in place and operational. The third and fourth main findings discussed earlier in this report were drawn from state responses to these questions. Below we present additional findings that relate each of the four assurances.

Assurance #1: Support for Educator Effectiveness and Equitable Distribution

- **To accomplish the assurance about teacher effectiveness, more than half the states plan to support teacher retraining and professional development (30 states), create a system that links student achievement data to individual teachers (27 states), or expand alternative pathways to teacher certification (26 states).**

Figure 2 shows the number of states indicating that particular reforms are part of their plans for fulfilling assurance 1, increasing teacher effectiveness and addressing inequities in teacher distribution. The popularity of professional development as a reform strategy—not only for this assurance but also for the assurances related to standards and assessments and low-performing schools—suggests that states may be choosing more traditional strategies over strategies that could turn out to be more expensive, controversial, or sweeping.

Figure 2. Number of states undertaking various reforms in response to assurance 1 (teacher effectiveness and equitable distribution) 42 states responded including D.C.

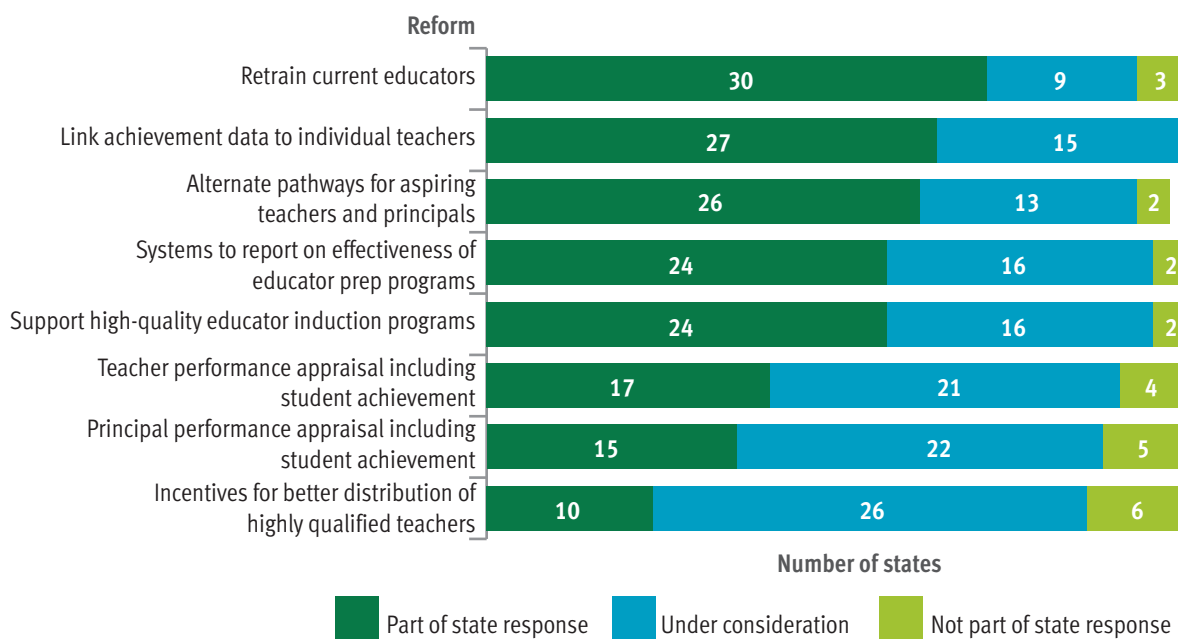


Figure reads: Thirty states indicated that retraining and professional development of current educators is part of their state response to ARRA assurance 1. Nine states indicated that this reform is under consideration, and three states indicated that it is not part of the state response.

Note: The numbers in the bars do not always total 42 because not all states chose a response for every item.

Source: CEP surveys of state officials, 2009.

In addition to the three reforms noted in the finding above, two other strategies for improving teacher performance were selected by more than half of the 42 responding states: developing systems to report on the effectiveness of educator preparation programs and supporting high-quality educator induction programs. Other strategies were somewhat less popular. Seventeen states chose the strategy of creating performance appraisal systems for teachers that include student achievement as an evaluation criterion, and 15 states opted for this type of appraisal system for principals. Only 10 states said they planned to provide incentives for teachers to move to or stay in schools with lower percentages of highly qualified teachers.

We also asked state officials which of the reforms listed in figure 2 were most critical to their state's reform agenda. The reforms most often seen as critical were creating a data system to provide teachers of reading/language arts and math with data on their impact on student achievement (17 states); developing a teacher performance appraisal system that considers student achievement (16 states); creating systems to report on the effectiveness of educator preparation programs (14 states); and providing professional development for current educators (13 states). Three states noted that they considered all of the reforms to be of equal priority.

As these examples illustrate, the most popular reforms are not necessarily seen by states as the most critical ones. For example, more than half the states plan to pursue systems to report on the effectiveness of teacher preparation programs, yet this reform was seldom mentioned as critical. On the other hand, all 17 states that planned to tie teacher and/or principal evaluations to student achievement viewed these reforms as critical to their state's agenda, suggesting that state leaders are highly committed to these less common options.

Assurance 2: Development of a Statewide Longitudinal Student Data System

- Large majorities of the states plan to create longitudinal data systems that will include a host of detailed, accessible test data and other information and will fulfill a variety of functions.

State plans for fulfilling assurance 2, creating longitudinal data systems, are displayed in **figure 3**.

Nearly all states signaled their intention to create unique student identifiers and data files that will include test results, enrollment status, and demographic information. More than three-quarters of the states also indicated that their data systems will have the capacity to organize data to support instructional improvement, will generate reports for policymakers and other stakeholders, and will include systems to assess data quality, validity, and reliability.

Smaller numbers of states, although still a majority, indicated that their data systems would match specific teachers to students, would link students' K-12 data to postsecondary data, and would be used to track readiness for college.

Figure 3. Number of states undertaking various reforms in response to assurance 2 (statewide longitudinal student data systems) 42 states responded including D.C.

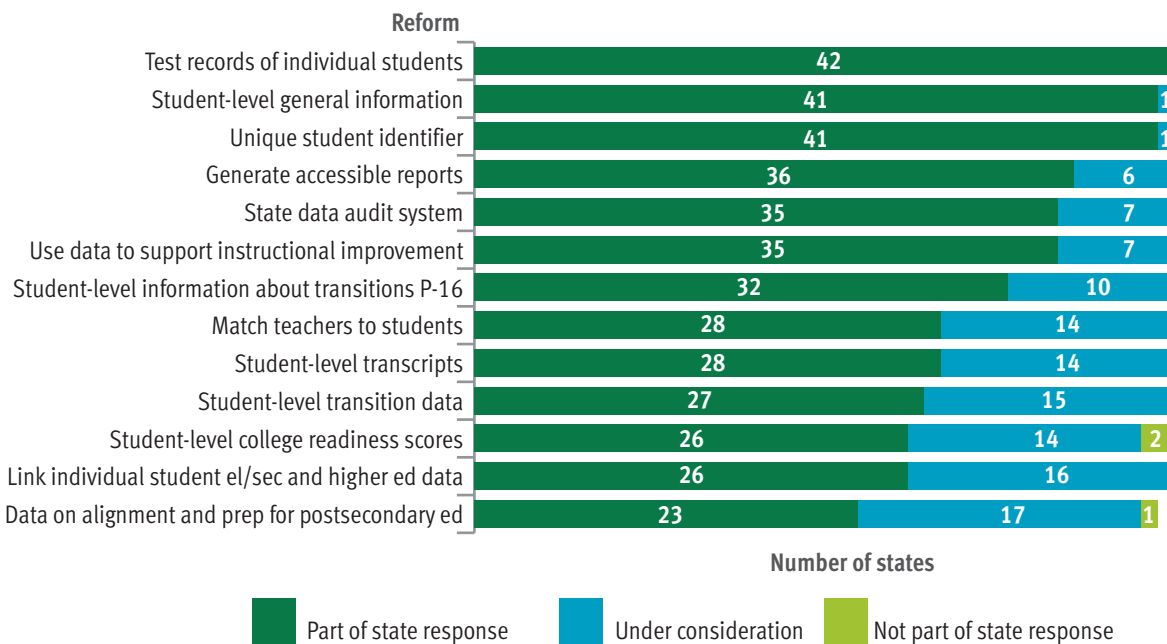


Figure reads: Forty-two states indicated that maintaining yearly test records of individual students in their state longitudinal data system is part of their response to ARRA assurance 2.

Note: The numbers in the bars do not always total 42 because not all states chose a response for every item.

Source: CEP surveys of state officials, 2009.

The data reforms that states deemed to be most critical were linking K-12 and higher education data systems (17 states) and creating a teacher identifier system that matches teachers to students (14 states). Five states identified all of the reforms included under this assurance as equal priorities.

Assurance 3: Support for Rigorous Standards and Assessments

- A majority of states plan to pursue all of the reforms listed in our survey that pertain to the adoption of academic standards and assessments.

Figure 4 displays the number of states planning to take various steps to fulfill assurance 3, developing standards and assessments. Most states have plans to adopt internationally benchmarked standards and create state assessments aligned with these standards. Most also intend to assess the effectiveness of testing accommodations for students with disabilities and students with limited English proficiency. Many plan to implement statewide professional development to familiarize teachers with the new standards and assessments. A majority of states plan to develop new curricular materials to help with the transition to new standards and assessments.

The reforms identified as most critical by the greatest number of states include adopting internationally benchmarked standards (21 states), creating statewide assessments aligned with the new standards (20 states), and implementing professional development on the new standards and/or assessments (16 states).

Figure 4. Number of states undertaking various reforms in response to assurance 3 (rigorous standards and assessments) 42 states responded including D.C.

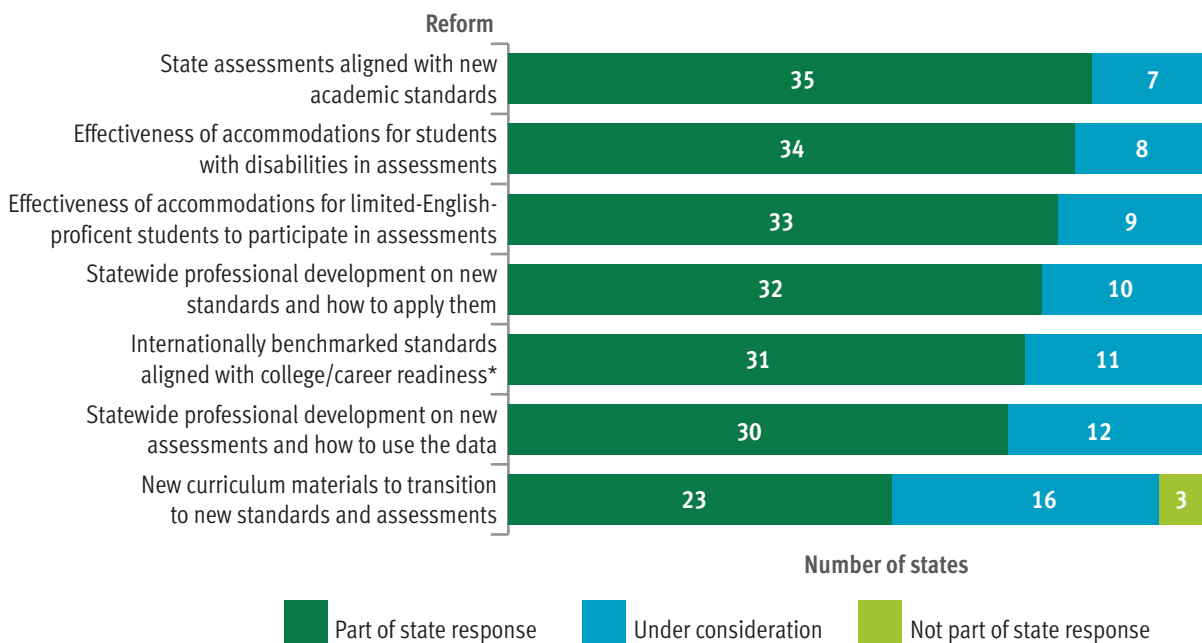


Figure reads: Thirty-five of 42 responding states indicated that creating assessments aligned with new academic standards is part of their state's response to ARRA assurance 3, and seven states indicated that this reform is under consideration.

*A separate survey question asked the states that responded that adopting internationally benchmarked standards was either part of their plan or was under consideration if they were considering adopting the common core standards that are being developed under the leadership of the National Governors Association and the Council of Chief State School Officers. Thirty-three states responded that they were, 2 states said they were not, and 7 states were undecided.

Source: CEP surveys of state officials, 2009.

Assurance 4: Support to Turn Around Low-Performing Schools

- Strategies favored by more than half of the states to reform low-performing schools were improving teacher professional development, recruitment, and placement and redesigning school schedules and calendars to increase time for instruction and teacher collaboration. Other measures were reported less frequently.

Assurance 4 calls on states to provide targeted, intensive support to turn around schools identified for corrective action and restructuring under NCLB—schools that have not made adequate yearly progress in raising student achievement for three or more years and must take major steps to improve or reorganize.

As shown in **figure 5**, the most frequently cited reforms to fulfill this assurance were improving teacher professional development, recruitment, and placement (29 states) and redesigning school schedules and calendars (23 states). Fewer states showed support for replacing teachers and principals (part of the response in 16 states) or improving parent training (14 states). The least favored responses were to close schools (13 states) or contract out school management to private vendors (9 states).

Figure 5. Number of states undertaking various reforms in response to assurance 4 (reform of low-performing schools) 42 states responded including D.C.

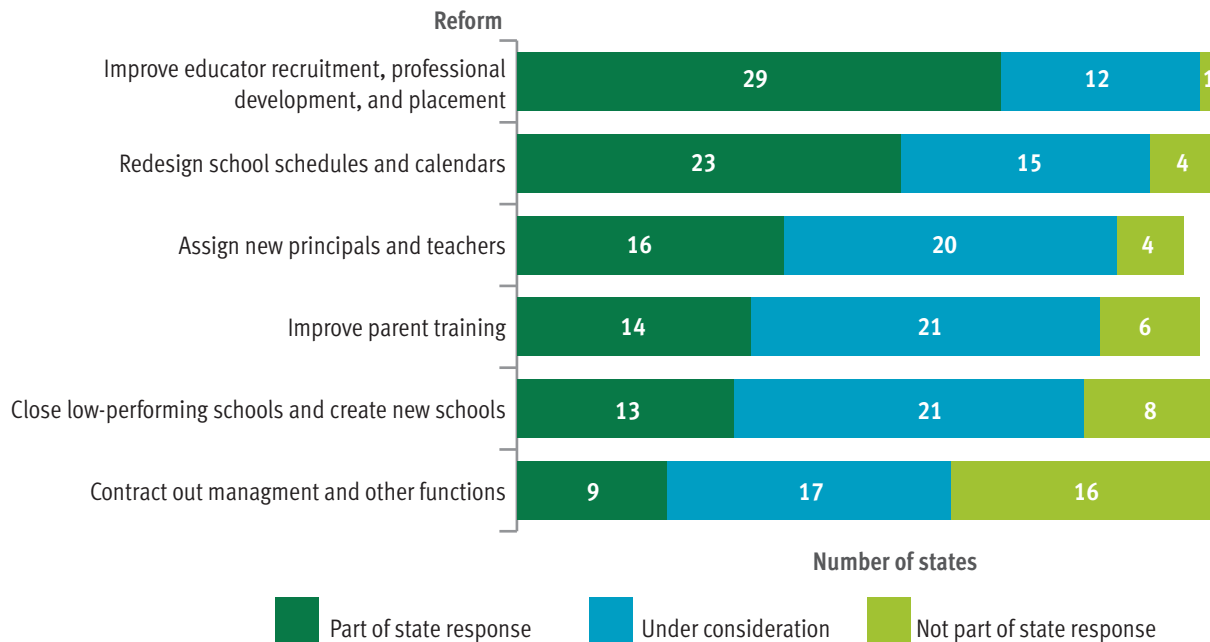


Figure reads: Twenty-nine of 42 responding states indicated that improving educator recruitment, professional development, and placement is part of their state's response to ARRA assurance 4. Twelve states indicated that this reform is under consideration, and one state indicated that it is not part of the state response.

Note: The numbers in the bars do not always total 42 because not all states chose a response for every item.

Source: CEP surveys of state officials, 2009.

Improving recruitment, professional development, and placement was also cited by the largest number of states as the strategy most critical to their reform agenda. The other reforms listed in figure 5 were identified as critical by half of the states or fewer.

Another provision of ARRA, in addition to the fiscal stabilization and RttT funds, could help states carry out the assurance for reforming struggling schools. The ARRA appropriated an extra \$3 billion for Title I school improvement grants, which are used to assist Title I schools (and non-Title I secondary schools when a waiver has been granted) that are persistently low-performing. This brings the total funding for school improvement to \$3.5 billion over the next two years. These grants represent a new effort on the part of ED to help states turn around schools that are in corrective action or restructuring under NCLB.

To receive funding for the ARRA school improvement grants, states must agree to use one of the following four intervention models for schools in improvement; these options are somewhat more prescriptive than the federal options in NCLB for restructuring persistently low-performing schools, particularly the open-ended NCLB option that permits schools to undertake “any other major restructuring of a school’s governance that produces fundamental reform”:

- *Turnaround*, which includes replacing the school principal and at least 50% of the school staff and implementing a new or revised instructional program
- *Restart*, which involves closing the school and restarting it under charter management or under an educational management organization
- *Closure/consolidation*, which refers to closing the school and enrolling its students in higher-performing schools in the same district
- *Transformation*, which encompasses a variety of options, including developing teacher and leader effectiveness and extending learning time

We asked states about their experiences in providing assistance with each of these intervention models to districts and schools; the results appear in **table 2**. More states report having experience with the transformation and turnaround models; fewer states have had experience with school restarts and closings. In addition, state officials indicated that districts in their state have implemented the turnaround and transformation models more often than they reported this for the other two models. The results of these local interventions have been mixed; according to our survey, the numbers of states that reported positive results from the turnaround and transformation models are roughly equal to the numbers that reported unknown, mixed, or negative results from these interventions.

Fewer states reported that districts in their states have undertaken the restart and closure models. When they have been tried, states reported that these reforms have had mixed or negative results more often than positive ones.

Table 2. State and local experience in implementing the four intervention models proposed by ED for Title I school improvement grants appropriated through ARRA

41 states responded including D.C.

State and School District Experience	Turnaround	Restart	School Closure	Transformation
State has experience in providing assistance for this improvement intervention	16	7	7	18
State has limited or no experience in providing assistance for this intervention	11	16	18	8
One or more school districts have implemented this intervention with one or more schools and had positive results	12	5	5	14
One or more school districts have implemented this intervention with one or more schools and had unknown, mixed, or poor results	15	8	11	14
To the respondent's knowledge, no school district has implemented this intervention with any school	10	13	16	11

Table reads: Sixteen states reported having experience in providing assistance to help low-performing schools implement the turnaround model.

Note: States could select more than one response.

Source: CEP surveys of state officials, 2009.

Timelines for Implementing Assurances

- **More than a third of the states expected to have reforms in place by 2010 to turn around low-performing schools—greater than the number of states that expected to have reforms related to the other ARRA assurances in place by that date.**

We asked states to project when reforms related to each of the four assurances would be in place and operational. Their responses are shown in **figure 6**.

Under the No Child Left Behind Act, states are already providing technical assistance and support to schools identified for corrective action and restructuring. Perhaps that is why 15 states expected to have reforms to turn around low-performing schools in place by 2010; in fact, two such states reported that these reforms were already in place. At the same time, an even greater number of states (16) had not yet established a timetable for implementing these reforms. This may be because some states have restrictions on the establishment of charter schools, some may have questions and concerns about the availability of federal funds to support work in this area, or some may face opposition to certain reforms from teacher unions and other professional organizations.

For the other assurances, states gave a range of projected dates over the next three years for putting in place related reforms.

Figure 6. Projected dates by which ARRA assurances will be in place and operational
42 states responded including D.C.

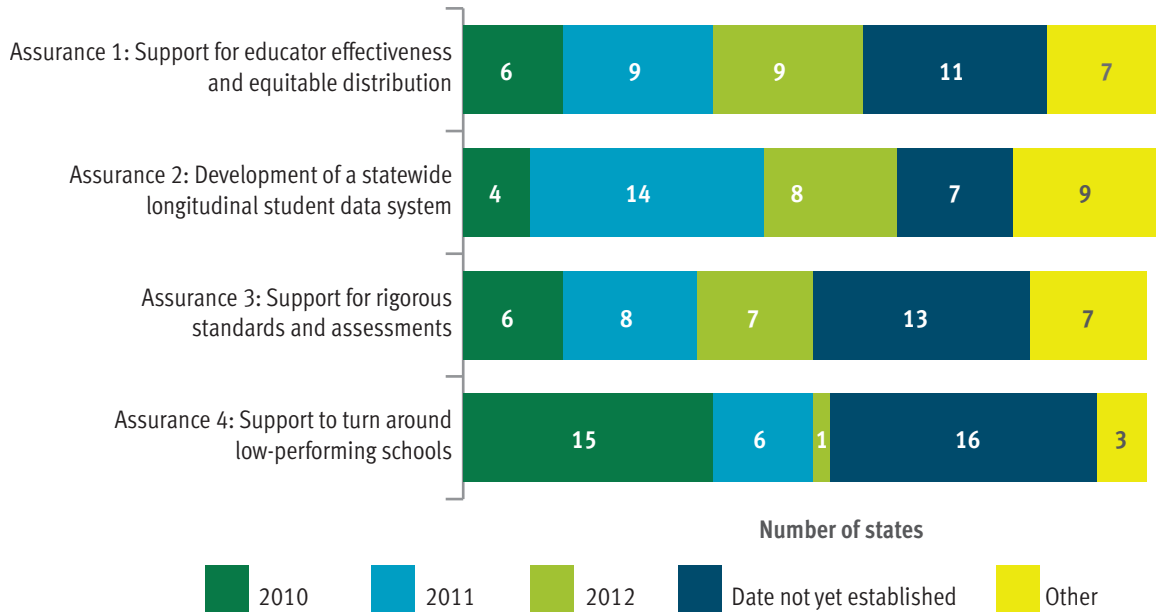


Figure reads: Six states indicated that reforms related to teacher effectiveness will be in place and operational in 2010, while 9 states planned to have these reforms in place in 2011.

Note: The numbers in the bars do not always total 42 because some states did not choose a response for every item.

Source: CEP surveys of state officials, 2009.

How Strong a Role Do States Expect to Play in Overseeing or Directing Reforms and Implementing Stimulus Programs?

As indicated in the fifth main finding listed near the beginning of this report, state education officials plan to take an active role in overseeing or directing reforms and implementing economic stimulus programs. Survey respondents provided feedback on their state's intended priorities for the funds as well as their planned leadership roles in implementation, guidance, and other supports for school districts.

- **Many governors' offices view the education reform goals of ARRA as equal in importance to or more important than saving jobs.**

Roughly half of the 23 governors' education advisors who responded to our survey said that implementing education reform and saving jobs are equal priorities for the ARRA elementary and secondary education funds in their states. Seven ranked education reform as the higher priority in their states. Only four referred to saving and creating jobs as the higher priority. All but two of these 23 respondents said their states' priorities for the use of the ARRA funds will likely stay the same through fiscal year 2011, even after the state's plan for addressing the four assurances goes into effect.

- **State policies about the division of responsibilities between state government and school districts may affect how states distribute and use the ARRA funds for elementary and secondary education.**

Our survey asked state officials to rate how much decision-making authority they intended to give local school districts over the use of ARRA funds, based on a continuum that ranged from strong leadership to minimal direction. Almost half of the responding states—20 of 45—said they intend to balance state and local decision making under the law. Twelve states expect to exert leadership on the uses of ARRA funds while allowing districts to make decisions in some areas. Only eight states replied that they intend to exert leadership in just a few areas or to exercise minimal direction and encourage local initiatives in the use of funds.

- **Most states are making suggestions to school districts about ways to implement reforms envisioned by ARRA, and many states are providing districts with technical assistance and information.**

Thirty-four of 43 state education department respondents said that their state has issued suggestions to districts about approaches to accomplishing the reforms in the four areas covered by the ARRA assurances. Several states described this process in more detail. For example, nine states said they have held meetings to inform districts about such issues as best practices related to the assurances and have provided information in such areas or assistance with district planning. Five states reported that they were relying on state Web sites to inform districts about ARRA requirements, expectations, and suggestions. Other states said they were forwarding guidance from ED to districts. Finally, some states specifically mentioned that they were asking districts to align plans for using the ARRA funds with other planning efforts, such as strategic plans or school improvement plans.

- **Most states are taking an active role in developing reporting and accounting systems for Title I and IDEA funds appropriated through ARRA.**

The ARRA provides an additional \$10 billion for fiscal years 2010 and 2011 for grants to school districts under Title I of ESEA to educate low-achieving children in low-income areas and an additional \$11.3 billion for this same period for grants under the IDEA to educate students with disabilities. **Figure 7** provides a snapshot of states' plans to provide guidance and other forms of support to school districts on the use of Title I and IDEA funds appropriated through ARRA. More specifically, nearly all of the state education agency respondents said they are providing guidance to districts on how to separately account for Title I and IDEA funds allocated under ARRA, as opposed to funds allocated through the regular education appropriations process. The majority of responding states also indicated that they are establishing reporting systems for school districts to describe how Title I and IDEA funds appropriated through ARRA are being used—possibly in comparison with regularly appropriated funds. Further, most state education agencies plan to permit districts to reduce local funding for special education services as a result of receiving additional IDEA resources through ARRA. The state education agency respondents were split fairly evenly, however, about whether they planned to use Title I and IDEA funds provided through ARRA to promote coordination of district responses to the four ARRA assurances.

Figure 7. State plans to provide guidance and other support to school districts on uses of Title I and IDEA funds *42 states responded including D.C.*

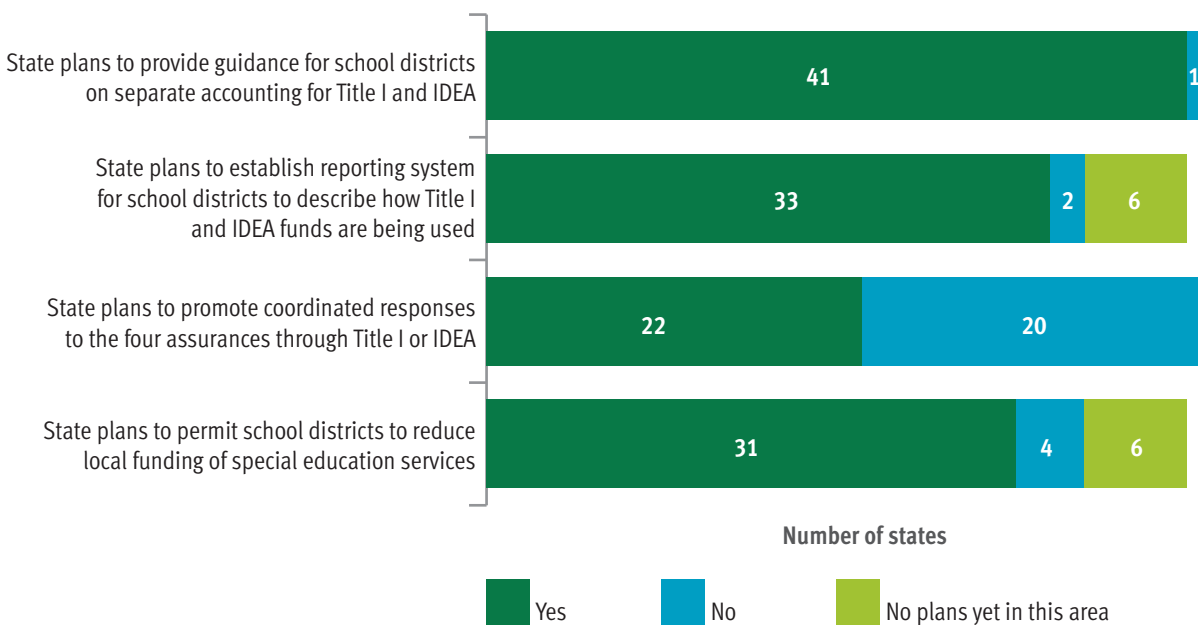


Figure reads: Forty-one states plan to provide guidance to school districts on separately accounting for Title I and IDEA funds appropriated through ARRA. One state does not plan to provide this type of guidance.

Note: The survey question about promoting coordinated responses to the four ARRA assurances (see the third bar) permitted yes and no response options only.

Note: The numbers in the bars do not always total 42 because not all states chose a response for every item.

Source: CEP surveys of state officials, 2009.

What Problems Have States Encountered in Implementing ARRA and What Types of Assistance Do They Need?

As noted in the sixth main finding for this report, the problems states cited most often in using or allocating ARRA funds were multiple or inconsistent reporting requirements, a lack of funds, and capacity limits. **Figure 8** displays the data to support this finding.

Figure 8. Problems states reported encountering in allocating or using ARRA funds
45 states responded including D.C.

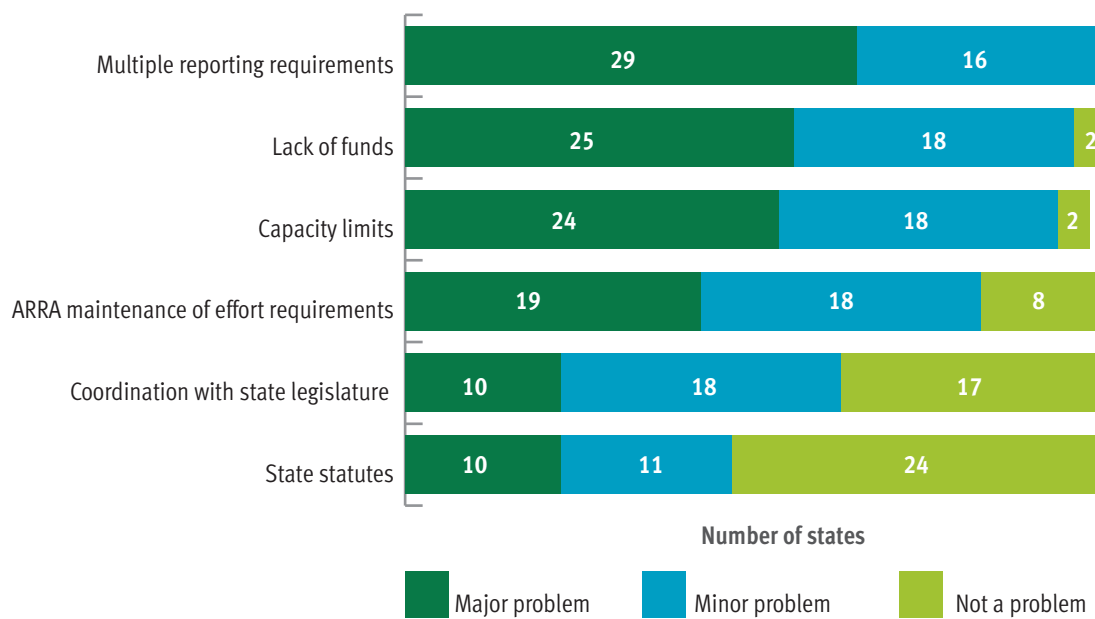


Figure reads: Twenty-nine states reported that multiple or inconsistent reporting requirements imposed by ARRA, other federal authorities, state government, and/or other non-governmental monitors are a major problem, while 16 states reported that these requirements are a minor problem.

Note: The numbers in the bars do not always total 45 because not all states chose a response for every item.

Source: CEP surveys of state officials, 2009.

One survey respondent elaborated on the problems of multiple reporting requirements by noting that it “seems as though there are new definitions or requirements every day ... we’re being held accountable for rules being defined after the fact.”

That most states have experienced problems with funding and capacity limits should come as no surprise. As discussed earlier in this report, state funding was cited most often as a source of support for implementing the four ARRA assurances. But state funding decreased in many states in 2009 and is likely to decrease in more states in 2010. This will likely exacerbate concerns about a lack of capacity and make it more difficult to implement the assurances.

- **Coordinating ARRA policies with state statutes and state legislatures and complying with the ARRA maintenance of effort requirements were less pressing problems for states.**

More than half of respondents (24 of 45) said their state did not experience a problem due to provisions of state statutes being inconsistent with ARRA requirements for addressing one or more of the assurances. Eleven of the 45 states said this was a minor problem. More than a third of respondents (17 of 45) said their state did not experience problems coordinating with the state legislature, such as a disagreement between the governor and legislature, while 18 states considered coordination with the legislature a minor problem.

In an open-ended question, a few participants identified additional problems. One mentioned the drop-off in funding that will occur at the local level after ARRA monies run out and noted that it is difficult to hire people for two years and expect “a lasting benefit.” Another state respondent noted that the ARRA funding “is one-time money, not hiring money—that is not responsible budgeting.” A third commented that the timelines for “implementation of needed data system changes are unreasonable, given the complexity of the changes mandated under ARRA.”

What types of assistance might help states address problems with allocating and using ARRA funds? **Figure 9** shows state responses to a survey item that asked states to indicate the degree to which their state needed various types of assistance. States most often expressed a major need for timely dissemination of regulations and guidance and for relief from particular requirements, as noted in the seventh major finding in this report.

Figure 9. Types of assistance states report they need in allocating or using ARRA funds
45 states responded including D.C.

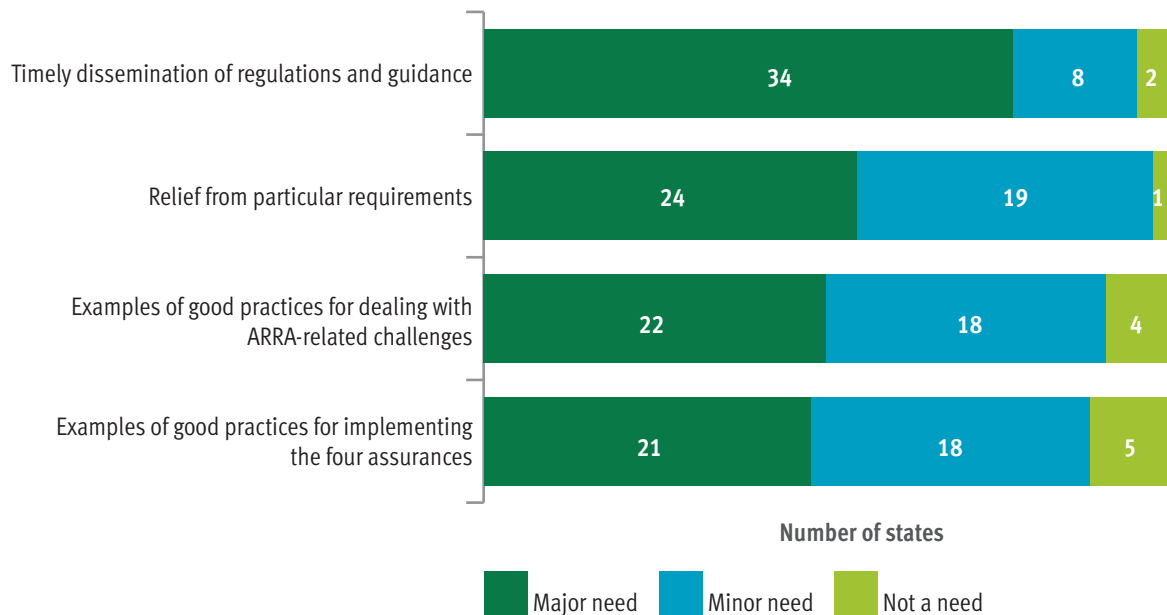


Figure reads: Thirty-four states reported having a major need for timely dissemination of regulations and guidance that clarify federal intent and/or state and local responsibilities under ARRA in elementary and secondary education. Eight states viewed this as a minor need, and two states reported that timely guidance it is not an area in which they need assistance.

Source: CEP surveys of state officials, 2009.

Timely regulations and guidance might specifically address the problem of multiple or inconsistent reporting requirements by allowing states to start gathering data earlier to fulfill reporting mandates. Similarly, relief from particular requirements may be one solution to some states' funding and capacity problems.

- **Many states also expressed a need for examples of good practices for dealing with ARRA-related challenges and for implementing the four assurances.**

Twenty-two of 44 responding states said that having examples of good practices for dealing with ARRA-related challenges was a major need in their state, and 18 states said this was a minor need. Similarly, 21 states indicated they had a major need for examples of good practices for implementing the four assurances, and 18 states viewed this as a minor need. In addition, in an open-ended section of the survey question about assistance needed, one participant wrote, "I would love a means to collaborate with my peers in other states." Another saw a need for "resources to address the professional development needs of educators to address content, skills, and knowledge needed to effectively teach [to the new] standards."

Providing these examples of good practices and facilitating collaboration could be particularly helpful in the many states that have not yet finalized their plans for implementing certain assurances.

Conclusion

This early look from late summer/early fall 2009 at state implementation of the American Recovery and Reinvestment Act suggests that the law has already had a significant impact on both funding and education reform in public schools. Although states told us they are struggling with implementation and need both financial and regulatory assistance, they have moved ahead to implement the Act. As a result, teachers and other education personnel comprise the largest group of employees whose jobs have been saved due to ARRA³. From our own work we can report that states are also changing how public schools operate as a result of ARRA and are planning many further reforms to address teacher effectiveness, data systems, standards and assessments, and low-performing schools, among other areas.

The Center on Education Policy intends to monitor the impact of ARRA over three years. During 2010 and 2011, we will report in greater depth on the law's effects. But it is evident from this early look that the policy is having a significant impact and will affect public education for years to come.

³ *The New York Times* estimates that roughly 325,000 of the 640,239 jobs created or saved by ARRA were in the education section alone (Cooper, M. & Nixon, R. (2009, October 31). Schools are where stimulus saved jobs, new data show. [Electronic version]. *The New York Times*).

Appendix: Study Methods

With guidance and direction from CEP and additional input from the Council of Chief State School Officers and the National Governors Association, the survey team from Policy Studies Associates developed and administered two surveys to collect information on how states were using ARRA education funds, including funds available under the phase 1 State Fiscal Stabilization Fund (SFSF), the Government Services Fund, and ARRA changes to Title I and IDEA. The surveys also examined problems encountered, assistance needed, and plans for competing for Race to the Top funds. One survey was sent to individuals identified as the governors' education policy advisors and the other was sent to deputies of state education agencies (SEAs).

The two surveys included parallel items on state plans for addressing the four assurances and challenges in implementing the provisions of ARRA. The governor's office survey included items about state priorities for using ARRA funds to save jobs and/or achieve education reform. The SEA survey included items about state administration of ARRA Title I and IDEA funds and plans for submitting proposals for Race to the Top funds.

In many states, the initial recipients of the surveys forwarded them to other staff who were more familiar with the details of state plans for using ARRA education funds. In several states, the respondents in the governors' offices and the SEA worked together to submit a single response, or the governor's office respondent deferred to the SEA, especially on questions related to plans to respond to the four assurances.

Policy Studies Associates staff administered surveys from late August 2009 through late October 2009. The survey team followed up with initial non-responders by telephone and email, initiating as many as five or six contacts per respondent to solicit responses. Early contacts with the governors' education policy advisors suggested that many of them were deferring to the SEAs to respond to the surveys. Therefore, the survey team prepared a short version of the governor's office survey that included only those items that were unique to that survey, and invited the governor's advisors who had not yet responded to complete the shorter version.

Overall, 44 states and the District of Columbia responded to the survey. Forty-two of these states included complete or relatively complete responses to the questions about the assurances, state administration of ARRA Title I and ARRA IDEA, challenges and needs for assistance, and plans for submitting applications for Race to the Top funds. Relatively few states submitted two complete or relatively complete responses from both the governors' office and the SEA, and the differences between the responses of these two entities were very small and typically occurred in only a few responses. For these reasons, the survey team combined the responses from the two types of surveys to generate a single response for each state. Decisions made in combining two responses for a single state were as follows:

- Four states submitted two sets of responses to the questions about the assurances. In each case, the SEA respondent indicated that the SEA was more knowledgeable about the assurances than the governor's office. The governor's respondents in two of these states reported that the governor's office and the SEA were equally knowledgeable about the assurances. Considering both SEA responses to the question about who was more knowledgeable and the fact there were only very small differences in the two sets of responses, the SEA responses were included in the final frequencies as representing the state responses.
- In 13 states, both the governor's office and SEA respondents answered the questions about problems encountered and assistance needed, often yielding slightly different responses. For these two sets of responses, the survey team reconciled multiple responses by taking the higher value. If, for instance, one state respondent said assistance in a particular area was a major need and the other respondent said it was a minor need, the responses for the state were combined and counted as a major need, on the assumption that there was a high need for assistance in the particular area in some part of state government.

In addition to reporting the response frequencies for each survey question, the survey team examined statistical associations among the various reforms included as part of the state responses to the four ARRA assurances and certain state-level educational and economic indicators. The specific educational and economic indicators included the following:

- The number of elementary and secondary students enrolled in public schools in the state in 2006-07
- The per-pupil expenditures for elementary and secondary students in 2006-07
- The amount of funds that states added to their elementary and secondary education budgets for fiscal years 2009 and 2010 as a result of the State Fiscal Stabilization Fund
- The state's unemployment rate in June 2009
- The percentage increase in unemployment in the state for the period from June 2008 to June 2009
- The number of jobs that the state either created or saved as a result of the SFSE, reported by the U.S. Department of Education based on state reports (*American Recovery and Reinvestment Act Report: Summary of Programs and State-by-State Data*, November 2009)
- The extent of economic growth in the state in the months leading up to August 2009 (declining, moderating, recovering, expanding)
- The magnitude of the budget gap for the state during fiscal year 2009 (e.g., more than 5% of the general fund, less than 5%, no gap)
- The status of collective bargaining by public employees in the state (e.g., required, permitted, prohibited)
- The political party of the governor of the state
- The scale scores for 8th grade achievement in mathematics and reading on the 2009 NAEP

To conduct these analyses, the survey team created a score for each state for each assurance. Each state's score was based on the proportion of reforms that the state reported as either being a part of their response or under consideration for their response. These scores were then used to examine relationships between state responses and the educational and economic indicators. The analyses also examined the relationships between several individual reforms and the state-level indicators. These analyses did not reveal any significant differences in responses based on any of the indicators except in states that required collective bargaining with public employees; these states included fewer of the listed reforms in their plans for assurance 4, reforming low-performing schools.

Credits and Acknowledgments

This report was written by Nancy Kober, Naomi Chudowsky, Victor Chudowsky, and Caitlin Scott, all CEP consultants; and by Diane Stark Rentner, Jennifer McMurrer, and Deepa Srikantiah of CEP. Jack Jennings, CEP's President and CEO, provided advice on the report. Bruce Haslam of Policy Studies Associates led a team of PSA staff that worked with CEP to develop and administer the survey and analyze survey data.

Based in Washington, D.C., and founded in January 1995 by Jack Jennings, the Center on Education Policy is a national independent advocate for public education and for more effective public schools. The Center works to help Americans better understand the role of public education in a democracy and the need to improve the academic quality of public schools. We do not represent any special interests. Instead, we help citizens make sense of the conflicting opinions and perceptions about public education and create the conditions that will lead to better public schools.

The Center on Education Policy receives nearly all of its funding from charitable foundations. We are grateful to the William and Flora Hewlett Foundation for their support of this study. The George Gund Foundation and the Phi Delta Kappa International Foundation also provide the Center with general support funding that assisted us in this endeavor. The statements made and views expressed are solely the responsibility of the Center.

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