

Opportunity and Danger: The Two Sides of the American Recovery and Reinvestment Act

By Carolyn Warner

For years, I've heard that the Chinese character for "opportunity" is also the character for "danger." Since I don't read Chinese, I can't vouch for that fact. But even if it's not true, it should be. It could also be the motto for ASBO International.

In fact, school business officials should probably carry around a little Opportunity~Danger card that they can pull out whenever a school board member, a professional colleague, or a member of the community stops them to say, "Let me tell you about this great idea I've got for helping our schools."

Faced with that situation, I'd usually recommend that you listen attentively, smile thoughtfully, sneak a look at your Opportunity~Danger card, and run like crazy.

However, what do you do when the people who tell you their great idea are the president of the United States and the U.S. secretary of education? That calls for an entirely different strategy—card or no card.

Yet, with the enactment of the American Recovery and Reinvestment Act (ARRA), that is precisely the position that education leaders in every school district in every state in America find themselves. The ARRA is likely the greatest single infusion of federal dollars into education since Congress passed the Elementary and Secondary Education Act in 1965 during Lyndon Johnson's presidency.

When President Johnson signed that act, he said its purpose was to give every child in America "all the education they can take." I believe this is very much the philosophy of President Barack Obama and Education Secretary Arne Duncan, and I'm still trying to decide which is the most refreshing: the attitude of the president and the secretary or the sudden availability of billions of dollars for our schools.

When I look at my Opportunity~Danger card, I always tend to think first about the opportunity. And



there are opportunities aplenty inherent in the ARRA. Coming as they are in the midst of the greatest financial and economic crisis that our country has faced since the Great Depression—a crisis that in so many states is falling especially hard on our local and state public entities—education leaders cannot conceivably turn their backs on this remarkable opportunity to apply what is essentially “found money” to the most pressing needs of schools already hit hard by economic realities. School leaders’ ability to address pressing capital and operational needs at this time may well be, quite literally, a once in a career opportunity. And schools are moving as quickly as possible to respond.

But, there is the other side of that little card—the “Danger” side—and it keeps flashing at me like an insistent caution light at an intersection. I hope it is doing the same for you.

I’m sure it is, since every school business official I’ve ever known has the almost genetic capability of understanding the reality of financial opportunities for his or her district. As keen as you are to nail down opportunities, you are equally able to recognize the potential dangers behind those opportunities. And so it is with the ARRA funds that are coming your way.

Looking at the “Danger” side of the card, let’s think through some of these potential hazards.

Cautionary Notes and Recommendations

From my perspective as a former school board member, a chief state school officer, and a business owner for most of my life, I would offer four cautionary notes and accompanying recommendations or suggestions to school business officials as you help lead your district’s management team through the ARRA opportunities you face.

These four cautions are (a) listen closely, (b) plan carefully, (c) proceed cautiously, and (d) document thoroughly.

Listen closely. I realize that districts must move ahead with a certain sense of urgency in responding to the stimulus funding. But listening closely to your stakeholders—parents and taxpayers, teaching and nonteaching colleagues alike—to what they believe is most needed is essential.

When this unprecedented opportunity to help advance your district’s mission and vision is presented, it must be addressed with care, and caring begins with listening. Sometimes careful listening seems to slow the process, but decisions regarding these stimulus funds are too important to be made in the deadly vacuum of haste.

Plan carefully. Listening closely and critically leads to careful planning—the second essential ingredient in this important process. It is no accident that the abilities to listen thoughtfully and to plan carefully are two of the essential professional skills of every good school business official. They are the essence of what you do.

Insisting on careful planning when everybody around you is saying, “Hurry up, hurry up,” isn’t easy, but somebody has to do it.

The difficulty in making these decisions is compounded for many school districts when their choices are between the immediate urgency of saving jobs and applying the stimulus funds toward important school reform initiatives, needed improvement measures, or both.

Given the incredible diversity of size, need, demographics, and current education and finance realities of school districts across America, the uses of ARRA dollars will perhaps be just as diverse. A school along the Mexican border in southern Arizona and one in the Chicago projects have vastly different needs than schools of similar size in still-prosperous suburbs or rural farming communities. So it is difficult to categorize what is the “best” use of stimulus funds.

Moreover, since the recession has hit different states with varying degrees of severity, the application of stimulus dollars will likely vary to about the same degree. In states like Arizona and California, with large and growing budget deficits, legislatures have already made draconian cuts, the effects of which are causing the termination of literally thousands of teachers and other education personnel. In those and similar states, the likely use of ARRA funds will be to retain as many school personnel as possible.

Proceed cautiously. In these situations, somebody has to ask the tough questions. That somebody should be you. As your district’s chief financial officer, who is better positioned than you to help clarify community, board, and administrative priorities? Who is more able than you to carefully analyze what is *nice*, what is *necessary*, and what is *essential*? Who is more able than you to help board and district leaders stay focused on mission and vision when the stark reality of layoffs competes with the unprecedented opportunity to make long-term programmatic or capital improvements that had previously seemed financially out of reach?

Although no one, including school business officials, relishes having to choose between people and projects, sometimes those decisions simply have to be made. In those circumstances, who is more able than you to be the calm leader at the table and help people get it right?

Document thoroughly. But helping people *get* it right is nothing, in my estimation, compared with your task of helping people *keep* it right. And by keeping it right, I mean the absolute imperative of receiving, spending, tracking, guarding, and ultimately accounting for every penny of these greatly anticipated funds. Why? Pretty simple: what the federal government gives, the federal government will expect an accounting of. And the federal government has ways of exacting punishment for that which it holds districts accountable when the numbers don’t add up.

Which brings us to the present. Here you are, you and your colleagues, working hard to try to figure out how best to spend these stimulus dollars. The ink is still wet (if existent) on the federal regulations that might guide you, and the rules and regulations for accounting for them haven't even been promulgated yet.

So essentially, your job is to be clairvoyant or, more realistically, *overzealous* in implementing documentation policies and procedures, starting from the initial application through the very last spreadsheet of how, when, and for what the funds were used.

Thus, it is essential that you—the district's chief financial officer—and your staff be at the deliberation and decision-making tables from start to finish. And if you must be aggressive, for lack of a better word, then be *aggressive*—or perhaps a better word is *persistent*—if that's what it takes to ensure you are at the table.

Educator Beware

Four additional caveats apply to you and your responsibilities with regard to the stimulus funds:

1. As with all things good, especially as they pertain to K–12 education, there will be the quick-buck hucksters out there who see the ARRA dollars as their own particular “pot of gold,” and these folks just can't wait to sell your school district their latest cure du jour for what ails you.
2. There are also the anti-education fearmongers who are hoping against hope that there will be widespread instances of school districts' misusing, abusing, misallocating, and even misappropriating these dollars.
3. On the other side of the coin, some of your own constituents—your district's stakeholders and education advocates—will keep the pressure on your board and administration to save or restore just a few more jobs, to extend reforms to just a few more classrooms, to just move a few more dollars around to do just a little more good.
4. Finally, and the greatest danger of all, is that, despite many projections, the recession won't be over in two years, massive state deficits will continue, and the ARRA funds will be used up. What then?

The Danger side of the card here is that nobody's crystal ball is big enough or clear enough to predict when our economy has hit bottom and we're on our way back up. The economists tell us that the stock market is one of the “early predictors” of recovery, and we're seeing a significant uptick in the market, but how early is early?

Unemployment and foreclosure rates are still climbing, and money is still tight. So, even if we're seeing the very early signs of recovery, will there be enough positive turnaround in the hardest-hit states for their legislatures to start restoring funds to schools by, say, the 2010–11 school year? Since schools must start that budget process in less than a year from now, the prospects are rather frightening.

The Catch-22 is that if you've used ARRA funds to avoid layoffs, have you just prolonged the inevitable or have you bought valuable time to see what the world will look like in 2012? Either way, opportunity and danger are right there, staring you in the face.

Clearly, I place a tremendous degree of importance on the role of the school business official in school district planning and decision making. And nowhere are these roles more important than in implementing this amazing stimulus initiative.

The opportunity is that school business officials generally have the institutional memory, plus the clear-eyed view of budget and finance, that others may lack. The danger is that school board members are at the mercy of the electorate; superintendents are at the mercy of school boards. Since there is always the risk of institutional instability, there should be somebody at the table with a consistent and perhaps broader perspective on financial realities, and that is almost always the school business official.

True Partners

In sum, without overdramatizing, I believe that, collectively, the three most important people for ensuring that the American Recovery and Reinvestment Act succeeds for America's schools as intended are President Barack Obama, Secretary of Education Arne Duncan, and the dedicated men and women who are school business officials.

The first two are both smart people who are totally committed to quality education at every level in America. They both want schools to succeed. They both approach education reform as enabling schools and teachers to help students succeed. They both are also humane and compassionate. The same can be said for all you school business officials, who labor so mightily to help your schools succeed in a fiscally accountable and responsible way.

An important fourth partner in this process is ASBO International. I am a strong believer that a true professional should belong to his or her professional association. And in this educational and economic environment, a school business official who does not take advantage of ASBO's resources and participate in its state and other affiliate organizations and professional development programs is missing out not only on valuable job-related resources but also on a rewarding and ongoing relationship with a remarkable group of like professionals all across the United States and Canada.

If any professional organization can help its members minimize the Danger side of the card and emphasize the Opportunity side, it is ASBO International.

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