

# **Education Stimulus: Staggering Opportunity, Monumental Challenge**

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# Scale, Opportunity, Challenge

- \$100 Billion in additional funds for education
- Considerable flexibility for some funds
- Challenges
  - Making thoughtful decisions quickly
  - Demonstrating accomplishments
  - Investing to support long-term change

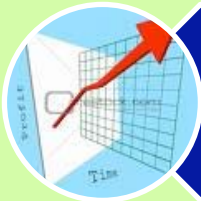
## **A Sketch: Drawn from ed.gov**

- Guiding Principles
- Core Reforms
- Funding Categories
- Authorized Uses of Funds

# Guiding Principles



Spend Quickly to Save and Create Jobs



Ensure Transparency and Accountability



Thoughtfully Invest One-time Funds



Advance Effective Reforms

# Advance Core Reforms: Assurances

College- and career-ready standards and high quality, valid, and reliable assessments for all students, including ELLs and students with disabilities

Pre-K to higher education data systems that meet the principles in the America COMPETES Act

Teacher effectiveness and equitable distribution of effective teachers

Intensive support and effective interventions for lowest-performing schools

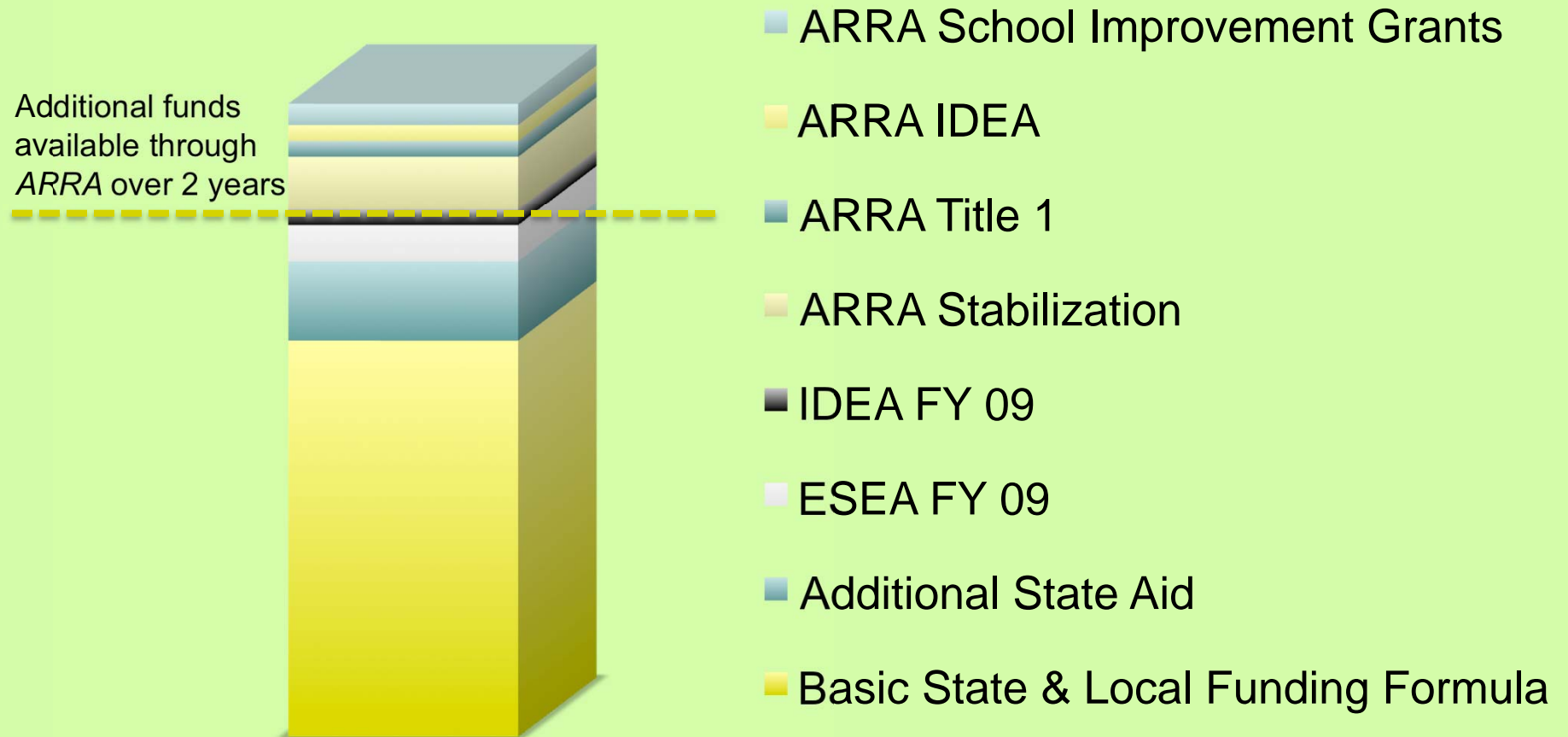
# **\$44 Billion Available in April**

- State Stabilization - \$32.5 billion (67% based on approvable application)
- Available April 1
  - IDEA, Parts B & C - \$6.1 billion (50%)
  - Title I, Part A - \$5 billion (50%)
  - Vocational Rehabilitation - \$270 million (50%)
  - Independent Living - \$52.5 million (100% of formula monies; \$87.5 million in competitive grants to follow)
- Available April 10
  - Homeless Youth - \$70 million (100%)
  - Impact Aid - \$40 million (100% of formula monies; \$60 million in competitive grants to follow)

## **Another \$49 Billion Available Later in 2009**

- Pell & Work Study - \$17.3 billion (100%)
- State Stabilization - \$16.1 billion (33%)
- IDEA , Parts B & C - \$6.1 billion (50%)
- Title I, Part A - \$5 billion (50%)
- Title I School Improvement - \$3 billion (100%)
- Enhancing Education through Technology - \$650 million (100%)
- Vocational Rehabilitation - \$270 million (50%)
- Statewide Data Systems - \$250 million (100%)
- Teacher Incentive Fund - \$200 million (100%)
- Teacher Quality Enhancement - \$100 million (100%)

# Significant Impact on High Needs Schools' Budgets





State Fiscal Stabilization Fund  
\$53.6 billion

Formula

Governors  
\$48.6 billion

Competitive

The Secretary  
\$5 billion

Public Elementary,  
Secondary, and  
Institutions of Higher  
Education  
81.8% (\$39.8 billion)

Education, School  
Modernization, Public  
Safety, or other  
Government Services  
18.2% (\$8.8 billion)

Race to the Top  
(\$4.35 billion)  
What Works and  
Innovation (\$650 million)

# State Fiscal Stabilization Fund for Education: Uses of Funds

- Education funds for elementary and secondary must run through State's primary funding formulae
- Governor may require LEA applications to address uses of funds or reporting
- LEAs may use funds for any activity authorized under ESEA, IDEA, Adult Ed, or Perkins, including modernization of school facilities and salaries to avoid teacher layoffs
- LEAs encouraged to use funds for activities that advance progress on the assurances and drive lasting results without unsustainable recurring costs

# State Fiscal Stabilization Fund for Education: Uses for IHEs

- IHEs may use education funds for:
  - education and general expenditures
  - mitigating tuition and fee increases for in-State students
  - modernization, renovation, and repair of facilities used for instruction, research, student housing

# SFSF Incentive Fund: “Race to Top” and “Invest in What Works and Innovation”

- “Race to the Top”- \$4.35 billion competitive grants to States making most progress toward the assurances
- “Investing in What Works and Innovation” - \$650 million competitive grants to LEAs and non-profits that have made significant gains in closing achievement gaps to be models of best practices
- 2010 grant awards will be made in two rounds - late Fall 2009, Summer 2010

# Michigan SFSF Estimates

## (From Senate Fiscal Agency)

- Total SFSF -- \$1.8 billion
- Unrestricted state funds -- \$300 million
- Race to the Top -- \$163 million (half to K12)
- Needed to restore cuts
  - K12 -- \$113 million
  - Higher Ed -- \$81 million
- Remaining funds for districts -- \$1.1 billion

# **MI K12 ARRA Estimates**

## **(From Senate Fiscal Agency)**

- Total ARRA to K12 -- \$2 billion
- SFSF-- \$1.14 billion
- Race to the Top -- \$0.08 billion
- IDEA -- \$0.4 billion
- Title I -- \$0.4 billion

# **District Total ARRA Estimates**

## **(From Senate Fiscal Agency)**

- Detroit -- \$530 million
- Lansing -- \$41 million
- Okemos -- \$1 million
- Troy -- \$3.1 million
- Ridge Park Charter Academy -- \$1 million
- University Preparatory Academy -- \$2.1 million

# Broad Discretion for Use of SFSF

- An LEA may use its Education Stabilization funds for any activities authorized under the ESEA (including Impact Aid), the IDEA, the AEFLA, or the Perkins Act
- Modernization and K12 construction allowed
- Spending on PreK allowed
- May NOT put in rainy day fund
- Paying down debt discouraged



# Time Constraints for Spending

- Funds to be obligated September 30, 2011
- For school employees, obligation is made when work is performed
- For contractors and outside consultants/providers, obligation is made on the date “on which the . . . subgrantee makes a binding written commitment to obtain the services” [or work] EDGAR Sec. 76.707

# Purposes in Tension

- Spend quickly and create jobs
- Invest thoughtfully, recognizing short-term availability
- Advance effective reforms

# Systems in Tension

- Governor must make assurances and provide data
- In second phase application, governor must provide report on progress (though progress is not required to get phase two funds)
- Governor may not direct LEA's use of funds (though may ask for a description of how use will assist with reforms)

# Possible Criteria for Selecting Uses for Funds

- Seamless link to plans beyond 2011
- Builds capacity without requiring ongoing investment
- Desired products, consultants, vendors available
  - Consider sharp increase in overall demand
  - Consider timing of obligation
- Will stand up to public scrutiny under new standards of transparency
- Connected to pressing needs linked to NCLB

# **Suggested Categories of Investment**

## **(ED Guidance)**

- Teacher evaluation systems, with links to advancement, remediation, dismissal
- Systems for data gathering and data use
- Intensive professional development
- Strengthening early childhood education
- Developing effective summer programs
- Creating on-line learning resources

# A Puzzle About the Role of Research

- Legislation emphasizes creation of data systems and preparation of detailed reports
- No explicit logic model for using data to learn from stimulus activities, or to base actions – to 2011 and beyond on data
- “Research” mentioned over 100 times in NCLB, but not in ARRA

# Race to the Top: State Consortia

- \$4.35 billion
- Likely to encourage development of common standards, common assessments, common curricula
- Consistent with initial recommendations in National Academy of Education White Papers
- Possibly different consortia for different domains

# **Race to the Top: What Works and Innovation**

- \$650 million
- Grants to LEAs and non-profits making significant gains
- Models of best practice



# **A Speeding Train: Can We Keep It On Track?**

- First state SFSF awards made to CA, IL, and SD
- Competitive grants competitions soon
- Can communication among state leaders, LEAs, IHEs, consultants, vendors be rapid enough to make needed connections?
- Will transparency about expenditures and about state education build support or fuel complaints?
- Will the end result inform future developments, or be just another reform, which passes like others?

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