Teaching Jobs Saved in 2009-10 But Teacher Layoffs Loom for Next School Year
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Summary of Main Conclusions

In the summer of 2009, school districts began receiving the first wave of federal economic stimulus money from the American Recovery and Reinvestment Act of 2009 (ARRA). Totaling about $100 billion over two years—more than double the fiscal year 2009 budget for the U.S. Department of Education (ED)—the education portion of the stimulus package is intended to stave off teacher layoffs, stabilize declining state and local education budgets, and blunt other negative effects of the economic downturn for schools. ARRA funds are also intended to spur states and school districts to undertake specific reforms aimed at improving student achievement.

This report by the Center on Education Policy (CEP), an independent nonprofit organization, describes the uses of ARRA education funding at the school district level and the progress of districts in implementing the main education components of ARRA. Our data were drawn from responses to a survey administered to a nationally representative sample of school districts in the spring of 2010. This is the second CEP report on ARRA implementation; the first, which focused on state-level implementation, was released in December 2009 (CEP, 2009).

We reached three main conclusions based on our district survey data, discussed below. Taken together, these conclusions suggest that the broad purposes of the ARRA education funds—saving or creating jobs, stabilizing declining state and local education budgets, and promoting education reform—are being met at the district level. Our conclusions also suggest that districts are likely to face significant challenges in maintaining quality programs.

1. Federal economic stimulus funds helped many districts save or create teaching jobs and stabilize their budgets in school year 2009-10. In the coming school year, however, with much of the stimulus money already spent, more school districts expect to lay off teachers to address persistent budget shortfalls.

The $48.3 billion State Fiscal Stabilization Fund (SFSF) authorized by ARRA is intended to make up for losses in state revenue for public schools and postsecondary institutions and, to a much lesser extent, other government services. About 62% of the districts that received SFSF grants are spending at least some of these funds to save or create teaching jobs in core academic subjects and/or other teaching areas. In addition, about 27% of districts are spending SFSF funds to save or create administrator jobs and/or other jobs.

Many districts are also saving or creating jobs with the supplemental funding provided through ARRA for Title I of the Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Education Act (IDEA). Roughly 58% of the districts receiving Title I funds through ARRA are using at least some of this money to save or create jobs for Title I teachers and/or principals in Title I schools. About 57% of districts receiving IDEA grants through ARRA are using at least some of this money for jobs for special education teachers, transition coordinators, and/or other special education staff.

Our survey also indicates that sizeable shares of districts are using a portion of their ARRA funds for instructional materials, technology, and/or professional development, which do not require the type of ongoing local funding commitment involved in paying teachers’ salaries. ED (2009a) has emphasized that ARRA dollars are “one-time” funds that should be “spent in ways that protect and support children without carrying continuing costs.” We surmise that the temporary nature of ARRA funding may have led districts to be cautious about using most or all of these funds for jobs. Indeed, our survey shows that in about 90% or more of the districts with SFSF grants, ARRA Title I grants, or ARRA IDEA grants, spending choices for these funds were influenced to a great extent or somewhat by the one-time nature of the funding. We conjecture that some districts may have shifted around funding from different sources, devoting ARRA dollars to equipment, technology, and other non-personnel costs previously funded from

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1 Title I of the Elementary and Secondary Education Act makes funds available to serve low-achieving children in low-income areas. The Individuals with Disabilities Education Act supports special education for children with disabilities.
state and local sources, and using their diminished pool of state and local dollars to continue paying staff salaries and benefits. At the same time, the large proportion of districts that has invested ARRA dollars in saving or creating jobs could indicate an urgent need to avert layoffs using whatever funding source is available and a willingness of some districts to take long-term risks to solve an immediate problem.

Federal stabilization funding has also helped to stabilize local budgets. In an estimated 95% of the districts that received SFSF grants and experienced a funding decrease from other sources in 2009-10, the SFSF funding compensated for a portion of the decrease. According to responses on our open-ended survey questions, SFSF funding “helped our district and state deal with a huge budgetary problem”; or was “used to avoid a 2% across-the-board pay reduction”; or “backfill[ed] a 10% across-the-board reduction.”

Even with the ARRA funds, many districts had to reduce teaching staff in 2009-10 to address budget shortfalls. Although districts with SFSF grants more commonly cut spending for instructional materials, technology, and equipment, about 45% of these districts cut teaching staff in 2009-10 to compensate for budget decreases not covered by the federal stimulus money.

Budget shortfalls are likely to persist for the coming school year. About 68% of districts expect their total budgets, excluding ARRA funds, to decrease for school year 2010-11. This percentage could end up being higher, however, because when we surveyed districts in spring 2010, roughly 14% had not yet determined their total budgets for 2010-11.

Moreover, districts with funding declines are likely to face more serious problems in the coming school year than they did this past year because much of the stabilization funding has already been depleted. As of spring 2010, about 60% of districts that received SFSF grants had spent or expected to spend all of these funds by the end of school year 2009-10.

Of the districts that have received or anticipate receiving SFSF money and that project a budget decrease for the 2010-11 school year, an estimated 75% anticipate having to reduce teaching jobs to compensate for the shortfall. This is a dramatic increase from the 45% that reported cutting teaching jobs in 2009-10.

2. School districts are moving ahead with the four education reforms attached to the use of SFSF funding. Over half of the nation’s districts are taking steps to improve the effectiveness and equitable distribution of teachers, adopt rigorous standards and assessments, and/or participate in state longitudinal data system. Fewer districts are taking actions to turn around low-performing schools.

To receive SFSF funding, states had to assure ED they would carry out four types of education reforms: 1) developing rigorous standards and assessments, 2) establishing longitudinal student data systems, 3) improving the effectiveness and equitable distribution of teachers, and 4) providing support and interventions to turn around low-performing schools. Districts also had to sign memoranda of understanding with their states assuring that they would address these reforms.

Our research indicates that the reforms related to improving the effectiveness and distribution of teachers, adopting rigorous standards and assessments, and participating in statewide longitudinal data systems are being carried out more aggressively at the district level than the reform related to improving low-performing schools. About three-quarters of districts are taking steps to address the reforms regarding teachers and rigorous standards and assessments. Over half of the districts are participating in statewide longitudinal data systems. More than one-third are taking actions to turn around low-performing schools.

Not all districts have low-performing schools according to federal criteria, and that may partly account for the lower proportion of districts implementing the fourth reform goal. In addition, states have made more progress and exerted stronger leadership on reforms relating to standards, assessments, and data systems, so districts may be get-

School Districts’ Perspectives on the Economic Stimulus Package
ting on board with state priorities. But the smaller proportion of districts taking steps to turn around low-performing schools may also reflect a lack of consensus and knowledge about effective ways to accomplish this goal.

3. The vast majority of the nation’s districts indicated they were better off with ARRA funds than without them. Many potentially troublesome aspects of ARRA were considered minor problems or not a problem by a large share of districts. The most notable major problems facing districts are the short-term nature of ARRA funding and redundant or overlapping reporting requirements associated with ARRA.

Given the rather complex reporting requirements of ARRA, our survey uncovered relatively few major implementation problems or needs for technical assistance at the district level. Two issues did emerge as major problems. In about 50% of the districts that received SFSF funding, the need to balance long-term spending priorities with the shorter-term availability of ARRA was a major problem. About 38% of districts had a major problem with redundant and/or overlapping reporting requirements for ARRA.\(^2\) Even with the problems that were reported, an estimated 83% of districts felt they were better off with ARRA funds than without them.

The remainder of this report provides more detailed information about these conclusions, as well as other findings from our research. In particular, the report discusses the following issues related to school districts’ implementation of ARRA:

- The status of district budgets in school years 2009-10 and 2010-11, and districts’ receipt and spending of grants from the State Fiscal Stabilization Fund
- Districts’ uses of SFSF funds
- Problems faced by districts in implementing ARRA, their need for technical assistance, and the benefits of receiving ARRA funds
- Districts’ implementation of the four education reforms attached to SFSF grants; districts’ views about the common core standards being developed as part of this reform process; and their involvement in their state’s application for ARRA’s $4.3 billion Race to the Top (RtT) fund, which encourages and rewards states that are creating the conditions for education innovation and reform
- Districts’ receipt and uses of ARRA supplemental funding for ESEA Title I and IDEA

# Background on the CEP District Survey

Our survey of school districts was conducted from February to May of 2010. The survey was developed, administered, and analyzed with support from Policy Studies Associates (PSA), our contractor. A random, nationally representative sample of 233 districts responded to the survey. Responses were weighted to allow us to draw conclusions for all districts in the 50 states based on this representative sample.

Survey respondents included district superintendents, chief financial officers, federal program directors, research directors, and other district-level administrators. In reporting the survey results and arriving at our findings, we took into account a statistical tool called confidence intervals for each response. Our use of a random sample allows us to generalize our findings to all of the public school districts in the country. Calculating confidence inter-

\(^2\) The differences between the 50% and 38% responses were not statistically significant.
vals provides information about the accuracy of our generalizations from the survey sample to all public school districts. In the text, tables, and figures in this report, we have noted those instances where apparent differences in responses are not statistically significant in light of the confidence intervals for particular responses. Appendix 1, which is available on the CEP Web site (www.cep-dc.org) alongside this report, provides a fuller explanation of confidence intervals and how they may be used to interpret the data in the report.

Two additional Web-based appendices contain more detailed information about the methods used to conduct our study (appendix 2) and the specific confidence intervals for the survey responses shown in the figures and tables in this report (appendix 3).

Several of our survey findings are similar to findings from two other recent surveys of district uses of ARRA education funds by the American Association of School Administrators (2009) and the Council of the Great City Schools (2010). Our report also addresses additional topics not covered by these other studies.

**Districts’ Financial Status and Stabilization Funds**

- **Over two-thirds (69%) of the nation’s school districts received less funding for school year 2009-10 than for the previous year, not counting ARRA money.**

As shown in **figure 1**, total funding from sources other than ARRA decreased between school years 2008-09 and 2009-10 in a large majority of districts. An estimated 9% of districts experienced an increase in funding for 2009-10 compared with the previous year. In the remaining districts, funding levels stayed about the same.

**Figure 1. Percentage of districts experiencing funding decreases or increases for school year 2009-10, excluding ARRA funds**

![Pie chart](https://via.placeholder.com/150)

Figure reads: In an estimated 69% of school districts, total funding from sources other than ARRA decreased in school year 2009-10 compared with school year 2008-09. Funding remained about the same during this period in an estimated 23% of districts and increased in an estimated 9% of districts.

Note: The difference between the 23% and 9% estimates is not statistically significant. The specific confidence intervals for the responses in this figure can be found at www.cep-dc.org in appendix 3, **Confidence Intervals for Survey Responses**.

Source: **CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.**
Nearly all (95%) of the nation’s school districts have received or have been promised stabilization funding under ARRA. Most districts received these funds in time to help fill in some of their budget shortfalls for 2009-10.

Funds for the SFSF portion of ARRA are being distributed by federal formula to states in two phases. Phase 1 funding, totaling $36.8 billion, went out to states in 2009. Phase 2 funding, totaling $11.5 billion, is in the process of being awarded; as of June 2010, not all states had been approved for phase 2 allocations. States, in turn, use state-determined formulas to distribute funds under both phases to school districts.

When we surveyed districts in spring 2010, about 89% had already received SFSF grants from their states, as illustrated in figure 2. Roughly 7% of districts had a firm commitment from their states that they would be given SFSF funds but had not yet received them. Approximately 5% of districts were not expecting to receive SFSF funds at all.

SFSF grants have helped to stabilize local budgets, although these grants were often insufficient to compensate for a majority of the funding losses from other sources in 2009-10.

In an estimated 52% of the districts that received SFSF funds and experienced a funding decrease from other sources in 2009-10, the SFSF money made up for half or more of the decrease. In about 43% of these districts, SFSF funds compensated for less than half of the shortfall. Approximately 5% of these districts did not use SFSF funds to compensate for funding decreases.

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1 The difference between the 52% and 43% estimates is not statistically significant.
Responses to open-ended survey questions suggest that although federal SFSF funds did not fully make up for lost funds, they still helped to stabilize state and local budgets in a time of economic turmoil:

The addition of ARRA education funds has helped our district and state deal with huge budgetary problems. It has helped our district continue to provide quality educational programming for our students.

We used SFSF to avoid a 2% across-the-board pay reduction for the district.

The state used ARRA funds to backfill a 10% across-the-board reduction.

Our district would have adopted a deficit budget without the ARRA funds.

The [state] created such a hole for education funding … The ARRA money simply helped fill in the funding hole.

ARRA funds allowed [the] districts to delay significant staff/budget reductions for one year.

- Although districts most commonly cut spending in non-personnel areas to address budget shortfalls, about 45% of districts with SFSF grants cut teaching staff in 2009-10 to compensate for budget decreases not covered by their stabilization grants.

Districts that received SFSF money and still had funding shortfalls in 2009-10 used a variety of strategies to compensate for the portion of the decrease not covered by their SFSF grants. (Districts could choose more than one strategy in response to this survey question.) Large proportions of districts made reductions in areas that did not involve personnel:

- Reductions in purchases of instructional materials, technology, and equipment (about 84%)
- Reductions in staff development (about 57%) or facilities maintenance (about 56%) *

Still, many districts with SFSF grants dealt with their remaining shortfalls in 2009-10 by cutting staff. As noted above, approximately 45% of these districts cut teaching staff in core academic subjects and/or other subject areas. About 53% cut school-level administrative staff, central office administrative staff, and/or support staff such as counselors or media specialists.

Less than one-fourth of the districts with SFSF grants made reductions in one or more of the following areas: student support services (an estimated 21%), extracurricular activities (about 22%), benefits (about 12%), or instructional time (roughly 7%). About 10% instituted staff furloughs.

- More than two-thirds of the nations’ school districts expect funding decreases to persist in school year 2010-11. This situation is likely to create serious problems because much of the stabilization money has already been spent.

As displayed in figure 3, about 68% of districts expect to have less funding for school year 2010-11 than for the previous year, not counting ARRA money. The share of districts with declining budgets for 2010-11 may end up being higher because 14% of districts had not yet determined their funding levels at the time of our spring 2010 survey.

* The differences among the 84%, 57% and 56% estimates are not statistically significant.
By the start of school year 2010-11, many districts will have spent all the SFSF funds they have received. (An additional but smaller allocation of SFSF funding is in the process of being awarded under phase 2.) As illustrated in figure 4, roughly 60% of districts that received SFSF money were slated to deplete these grants by the end of

**Figure 3. Percentage of districts expecting funding decreases or increases for school year 2010-11, excluding ARRA funds**

![Pie chart showing percentages of districts expecting funding changes](chart)

Figure reads: About 68% of school districts expected their total funding from sources other than ARRA to decrease in school year 2010-11, while an estimated 13% expected their funding to remain about the same as in the previous year and about 6% expected funding to increase. In approximately 14% of school districts, funding levels for 2010-11 had not yet been determined at the time of CEP’s survey.

Note: Percentages do not total 100% due to rounding.

Note: The differences among the 14%, 13%, and 6% estimates are not statistically significant. The specific confidence intervals for the responses in this figure can be found at [www.cep-dc.org](http://www.cep-dc.org) in appendix 3, *Confidence Intervals for Survey Responses*.

**Source:** CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.

By end of 2009-10

By end of 2010-11

By end of 2011-12

60%

37%

4%


**Figure 4. Districts’ timelines for spending all of their SFSF funds**

![Pie chart showing timelines](chart)

Figure reads: An estimated 60% of school districts with SFSF grants had spent or expected to spend all of these funds by the end of school year 2009-10, while about 37% expected to deplete all of these funds by the end of 2010-11 and about 4% by the end of 2011-12.

Note: Percentages do not total 100% due to rounding.

Note: The specific confidence intervals for the responses in this figure can be found at [www.cep-dc.org](http://www.cep-dc.org) in appendix 3, *Confidence Intervals for Survey Responses*.

**Source:** CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.
School year 2009-10. About 37% expected to spend these SFSF grants by the end of school year 2010-11. Just 4% anticipated using in school year 2011-12 any of the ARRA funds they have already received. (School districts have until September 30, 2011, to spend ARRA funds.)

- Federal stabilization funding will fall far short of compensating for budget problems in the coming school year.

Because much of the stabilization funding has already been spent, just 24% of the districts with SFSF grants and funding decreases from other sources expected their SFSF grants to make up for half or more of their projected decreases in 2010-11. This is significantly less than the estimated 52% that gave a similar response for 2009-10. In about 46% of districts with SFSF grants, these funds will compensate for less than half of the decrease for 2010-11. About 30% of these districts did not plan to use SFSF funds to compensate for the decrease, most likely because their funds have been depleted.5

In response to open-ended survey questions, district administrators described the deteriorating fiscal situations they will face in school year 2010-11 after ARRA funds have been used up:

ARRA funds have helped offset the state cuts to our budget, but they are a temporary fix and state cuts continue. After ARRA funds are removed, we will be in even worse financial condition than we were prior to ARRA.

Although ARRA dollars have provided a temporary band aid, [our state’s] school districts continued to see dramatic revenue reductions with seemingly no end in sight. Negative COLAs [cost of living adjustments], high deficit factors, one time as well as ongoing revenue reductions continue to beat against school district doors as the state struggles with its budget shortfall.

- Increasing percentages of districts expect to lay off teachers to compensate for funding decreases in 2010-11.

To compensate for the looming budget shortfalls in 2010-11, an estimated 75% of districts that received SFSF funds planned to lay off teachers of core academic subjects and/or other subjects in 2010-11. As shown in figure 5, this represents a significant increase over the estimated 45% that had teacher layoffs in 2009-10.

An estimated 46% of districts anticipated layoffs in school-level administrative staff, central office administrative staff, and/or support staff in 2010-11. When the percentages of districts making reductions in all types of education staff are combined, about 80% of

Figure 5. Percentages of districts making or anticipating reductions in teaching staff, 2009-10 and 2010-11

Figure reads: Of districts that received SFSF grants, an estimated 45% reduced teaching staff in core academic subjects and/or other subjects to compensate for funding decreases in 2009-10, compared with about 75% of these districts that expected to cut these types of teaching positions in 2010-11.

Note: The specific confidence intervals for the responses in this figure can be found at www.cep-dc.org in appendix 3, Confidence Intervals for Survey Responses.

Source: CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.

5 For school year 2010-11, the differences between the 46% and 30% estimates, and between the 30% and 24% estimates, are not statistically significant.
districts with SFSF grants planned to cut teachers, administrators, and/or support staff to address funding decreases for 2010-11.

Other areas that a majority of districts with SFSF grants plan to reduce to compensate for funding shortfalls in 2010-11 include purchases of instructional materials, purchases of technology and equipment, staff development, and/or facilities maintenance.

One-third or fewer districts expect to reduce or eliminate extracurricular activities, student support services, instructional time, and/or benefits, or to institute staff furloughs. An estimated 29% had not yet decided how to compensate for funding decreases not covered by SFSF funds for 2010-11 at the time of our survey.

**Uses of SFSF Funds**

- **The most common use of SFSF funds is to save or create jobs, primarily teaching positions.**

About 62% of the districts that received SFSF money are spending at least some of these funds to save or create teaching jobs in core academic subjects and/or other teaching areas.

Districts with SFSF grants are also using this money to save or create jobs for administrators and/or other education jobs. Roughly 27% of these districts are spending at least some of their SFSF funds for this purpose.

When the survey responses for these different types of jobs are combined, an estimated 69% of district recipients of SFSF grants are using at least some of these funds to save or create jobs. The large proportion of districts that has invested ARRA dollars in saving or creating jobs could indicate an urgent need to avert layoffs using whatever funding source is available and the willingness of some districts to take long-term risks to solve an immediate problem.

Several district officials commented on the role of ARRA dollars in preserving jobs that would otherwise have been eliminated:

*ARRA funds have certainly been effective in saving positions that would have otherwise been lost. Our challenge, naturally, is the funding cliff that will occur when the funds end.*

*The state provided the district’s normal state education funds using SFSF funds. This allowed the district to lower its number of instructional positions that was considered for elimination.*

*The funds have been very helpful to keep staff positions.*

ARRA funds are also being spent on non-personnel items or services that do not require the type of ongoing funding commitment that paying staff salaries and benefits does. An estimated one-third of the districts that received SFSF funds are using at least some of this money to purchase technology, equipment, materials, and/or supplies. A roughly similar proportion is spending SFSF fundstomaintain student support services. It is possible that some districts may have shifted the funding sources for different categories of costs, so that ARRA dollars are being used for equipment, technology, and other non-personnel costs that were previously funded from state and local sources, while the diminished pool of state and local dollars continues to support staff salaries and benefits.

About 21% or fewer districts are using a portion of their SFSF funds for each of the following activities; many districts are devoting funds to more than one of these activities:
• Maintaining instructional time for students
• Purchasing professional development and other services
• Maintaining or renovating existing facilities
• Saving or creating extracurricular programs
• Designing or building new facilities
• Carrying out other activities not listed in the survey responses

The one-time nature of the SFSF funding has influenced decisions about how to spend these dollars in most receiving districts.

According to Secretary of Education Arne Duncan, the ARRA education funds were meant to be distributed “as quickly as possible” to avert teacher layoffs and drive education improvement. Duncan further emphasized the need to avoid “funding cliffs” by investing ARRA funds in ways that minimize ongoing costs after funding expires. “These are one-time funds, and state and school officials need to find the best way to stretch every dollar and spend the money in ways that protect and support children without carrying continuing costs,” said Duncan (U.S. Department of Education, 2009a).

Our survey suggests that districts have considered the risks of funding cliffs when deciding how to spend their ARRA funds. As figure 6 shows, spending choices in about 90% of the districts that received SFSF money have been influenced by the one-time nature of these resources, including about 67% that have been influenced “to a great extent” and roughly 23% that have been influenced “somewhat.” One district official captured the feelings of many respondents in the following comment:

*The funding cliff is a serious issue and greatly influenced our decisions concerning the use of the ARRA education funds.*

Figure 6. Percentage of districts receiving SFSF funding whose spending choices have been influenced by the one-time nature of the funding

![Figure 6](image_url)

Figure reads: In approximately 67% of districts that received SFSF grants, spending choices for these funds have been influenced to a great extent by the fact that these funds represent one-time resources.

Note: The difference between the 23% and 10% estimates is not statistically significant. The specific confidence intervals for the responses in this figure can be found at [www.cep-dc.org](http://www.cep-dc.org) in appendix 3, *Confidence Intervals for Survey Responses*.

Source: CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.
Only 10% of SFSF district recipients were not influenced by the temporary nature of the funding.

**Problems, Needs, and Benefits of ARRA**

- Many potentially troublesome aspects of ARRA were considered minor problems or not a problem by a large share of districts. The most notable major problems facing districts are the short-term nature of ARRA funding and redundant or overlapping reporting requirements associated with ARRA.

Our survey asked districts about the problems they confronted in using ARRA funds. Given the rather complex reporting requirements of ARRA, our survey uncovered relatively few major implementation problems at the district level, with large percentages of districts experiencing minor or no problems with most aspects of ARRA. One area of ARRA implementation where a large share of districts (an estimated 50%) experienced a major problem was with the need to balance long-term spending priorities with the shorter-term availability of ARRA, as shown in table 1.

<table>
<thead>
<tr>
<th>Possible problems</th>
<th>Percentage of all districts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Major problem*</td>
</tr>
<tr>
<td>Balancing long-term spending priorities and the shorter-term availability of ARRA</td>
<td>50%</td>
</tr>
<tr>
<td>funds</td>
<td></td>
</tr>
<tr>
<td>Redundant and/or overlapping reporting requirements</td>
<td>38%</td>
</tr>
<tr>
<td>Delays in communications about state and/or federal requirements for administration</td>
<td>27%</td>
</tr>
<tr>
<td>and reporting on the uses of ARRA education funds</td>
<td></td>
</tr>
<tr>
<td>Capacity limits that constrain the district in absorbing and using ARRA funds</td>
<td>22%</td>
</tr>
<tr>
<td>Lack of capacity to report on spending details for each vendor contract</td>
<td>8%</td>
</tr>
<tr>
<td>Lack of capacity to report on school-level spending</td>
<td>7%</td>
</tr>
</tbody>
</table>

Table reads: Balancing long-term spending priorities and the shorter-term availability of ARRA funds was a major problem for about 50% of districts and a minor problem or no problem for the remaining 50%.

*The difference in the percentages in first and second rows is not statistically significant nor are the differences between the percentages in the second and third rows and those in the third and fourth rows. Similarly, the differences among the fifth, sixth, and seventh rows are not statistically significant. The specific confidence intervals for the responses in this figure can be found at [www.cep-dc.org](http://www.cep-dc.org) in appendix 3, *Confidence Intervals for Survey Responses*.

Source: CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.
As one respondent noted:

*The greatest concerns were in the area of supplementing [the] state reduction while knowing the ARRA would be one-time money and spending wisely for maximum long-term impact.*

For about 38% of districts, redundant and/or overlapping reporting requirements were a major problem in implementing ARRA. The following open-ended survey responses capture the frustration some district officials have experienced in complying with ARRA’s short timelines and reporting requirements:

*The reporting requirements and the funding requests are very, very time consuming and quite difficult to figure out. We don’t know what they want so we just keep trying over and over until we get it. It is taking too much time!!*

*The use of funds is so restrictive and the accounting requirements so burdensome and time consuming. There would be much more innovation and progress if LEAs [local educational agencies] were allowed more freedom. [Funds] are needed, so do we have a choice?*

*The timeframe for reporting is ridiculous. These reports are due at the same time as every other report we have to complete, which means we must work 90 hours that week to meet all of the requirements. Please give us 20 more days!!*

*ARRA funds have been helpful but the administrative and bookkeeping time associated with the process has been very disappointing.*

For roughly one-fourth of districts, major problems included delays in communication about ARRA administrative and reporting requirements, and capacity limits that constrain them from absorbing and using funds as major problems. The remaining issues in table 1 posed only minor problems or no problem for the vast majority of districts.

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- An estimated 62% or more of the nation’s districts did not have a major need for assistance in any of the ARRA areas listed in our survey. About one-fourth of districts, however, needed relief from federal program requirements and more timely dissemination of regulations and guidance related to ARRA.

Table 2 shows the specific percentages of school districts that had a major or minor need for help in four areas listed in our survey.

- Even with the problems they experienced, the vast majority of districts are better off with ARRA funds than they would have been without them.

As shown in figure 7, about 83% of districts are better off with ARRA funds than they would have been without them. About 7% are not better off, and 10% were uncertain whether they are better off.

Several survey respondents mentioned specific ways in which their districts have benefitted from ARRA funding, as evidenced by the following open-ended survey responses:

*We have been very grateful that we have received these funds. It has really helped us to save the job for many employees.*

*Our district has benefitted greatly from all ARRA allocations. We have been able to hire staff that we ordinarily would not have been able to secure. Reporting has been an issue as we did not have time and information prior to the first reporting cycle.*

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* The difference between the 50% of districts for which balancing long-term spending priorities was a major problem and the 38% for which redundant or overlapping requirements were a major problem is not statistically significant.
Table 2. Percentage of districts needing assistance with specific aspects of ARRA implementation

<table>
<thead>
<tr>
<th>Possible assistance</th>
<th>Percentage of all districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relief from particular requirements as established by ARRA or other federal education authorities</td>
<td>26% 74%</td>
</tr>
<tr>
<td>Timely dissemination of regulations and guidance that clarify federal intent and/or state and local responsibilities under ARRA</td>
<td>24% 76%</td>
</tr>
<tr>
<td>Examples of good practices for implementing the four ARRA reform priorities</td>
<td>11% 89%</td>
</tr>
<tr>
<td>Examples of good practices for dealing with ARRA-related challenges</td>
<td>10% 90%</td>
</tr>
</tbody>
</table>

Table reads: About 26% of school districts had a major need for assistance with relief from particular requirements established by ARRA or other federal authorities, while about 74% had a minor need or no need for assistance with this aspect of ARRA implementation.

*Note: The differences among the percentages in the first three rows of the table are not statistically significant. The difference between the third and fourth rows is not statistically significant. The specific confidence intervals for the responses in this figure can be found at www.cep-dc.org in appendix 3, Confidence Intervals for Survey Responses.

Source: CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.

Figure 7. District perceptions of the benefits of ARRA funds

Figure reads: About 83% of school districts reported that they were better off with ARRA funds than they would have been without these funds.

Note: The difference between the 7% and 10% estimates is not statistically significant. The specific confidence intervals for the responses in this figure can be found at www.cep-dc.org in appendix 3, Confidence Intervals for Survey Responses.

Source: CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.
District Implementation of Four ARRA Reforms, Common Standards, and Race to the Top

- Districts are moving ahead with the four reform areas required by ARRA. However, larger proportions of districts are undertaking the reforms related to the effectiveness and equitable distribution of teachers, rigorous standards and assessments, and longitudinal data systems than are taking steps to turn around low-performing schools.

To receive SFSF funds, states had to assure that they would carry out all of the following four reforms:

1. Increase teacher effectiveness and achieve a more equitable distribution of highly qualified teachers among high- and low-poverty schools
2. Establish a longitudinal data system that tracks students’ progress from prekindergarten through college and careers
3. Develop and implement rigorous academic standards and high-quality assessments, including those for children with disabilities and children learning English
4. Provide targeted, intensive support and effective interventions to turn around the lowest-performing schools

As described in our previous report on state implementation of ARRA, states appeared to have clearer plans for creating longitudinal data systems and adopting rigorous academic standards and assessments than they did for increasing teacher effectiveness and turning around low-performing schools (CEP, 2009). We theorized that this was because states have been the driving force in improving data systems, standards, and assessments, while improving teacher effectiveness and turning around schools have been more explicitly local responsibilities that depend a great deal on local decisions.

Our district survey asked school districts whether they were taking any of the following actions to address these four reform areas: planning new programs and initiatives, implementing new programs and initiatives, negotiating with teacher associations, and signing memoranda of understanding with the state and other entities. Districts could also note whether they are not undertaking any activities in a particular reform area.

Large proportions of the nation’s school districts are taking at least some of the actions listed above to improve teacher effectiveness and equitable distribution (about 78%) and to adopt rigorous standards and assessments (about 73%). Over half of the districts (an estimated 55%) are involved in developing a statewide longitudinal student data system. A smaller proportion (approximately 40%) of districts is taking actions to turn around low-performing schools.

The relatively high proportion of districts that are implementing teacher reforms may be related to districts’ efforts to comply with the No Child Left Behind Act requirements to improve teacher qualifications and distribute teachers more equitably to low-income schools. The percentages of districts that are adopting rigorous standards and assessments and a statewide longitudinal data system suggest that districts are getting on board with state priorities and leadership in these areas. The lower proportion implementing interventions to turn around struggling schools may be partly explained by the fact that not all districts have low-performing schools according to federal criteria. But it could also reflect the lack of consensus and knowledge about effective ways to accomplish this goal.

1 The differences in the percentages of districts taking actions related to teacher distribution, standards and assessments, and data systems are not statistically significant.
One survey respondent commented on the difficulty of implementing ARRA reforms when ARRA funds were insufficient:

In our school district none of the ARRA reform-related questions were new to us... The concern is, how do we answer questions related to how ARRA [dollars] are helping us achieve those goals when all the dollars did were to fill in the funding hole the state put us in! That is like asking a homeless man how your donation of $1.00 will improve his life and help him towards his goals.

- More than one-third of districts welcomed common academic standards in core subjects. For another third, it was too soon to tell how common standards would benefit them.

In June 2010, the Council of Chief State School Officers and the National Governors Association released a set of national common core standards for reading and mathematics. Our survey asked districts how these standards would benefit them. At the time of our survey in spring 2010, the final standards had not been published, although draft standards had been released.

The proportion of districts that welcomed the guidance provided by common standards (about 39%) was not significantly different from the proportion that felt it was too soon to tell (roughly 35%). The share of districts taking a wait-and-see approach is not surprising, given that the standards had not been formally released at survey time. About one-fifth (21%) of districts did not expect the standards to affect them very much. Only 5% of districts felt that they did not need the new standards and were not interested.

- Some districts were involved with their state’s application for Race to the Top dollars, although this involvement was often limited to agreeing to participate in new programs and initiatives funded through RttT.

At the time of our survey, an estimated 90% of districts were located in states that were applying for Race to the Top funds under ARRA. The most common form of involvement was to sign a memorandum of understanding agreeing to participate in new programs and initiatives funded under RttT (roughly 61% of those districts). Smaller proportions of districts in these states participated more extensively in the application process by reviewing (about 12%) or contributing to (about 8%) state plans for new programs and initiatives.6

An estimated 34% of districts in states applying for RttT funds were not involved in the state’s application, and 6% of respondents did not know about their district’s involvement. At the time of our survey, grants for phase 1 of RttT were just being announced and phase 2 was not yet underway, so the limited level of district involvement in RttT is not unexpected.

ARRA Supplemental Funding for Title I and IDEA

- The vast majority of school districts have received or have been promised supplemental funding through ARRA for Title I of ESEA and for IDEA. ARRA funds for Title I and IDEA are on a different timetable than the stabilization funds, and most districts expect to spend all of their supplemental funds by the end of school year 2010-11.

6 The difference between the percentages reviewing plans and contributing to plans is not statistically significant.
ARRA provided $10 billion in supplemental funding for the Title I, ESEA program for low-achieving children in low-income areas. (ARRA also provided a separate appropriation for school improvement grants to assist low-performing Title I schools and other troubled schools; a separate CEP report will address school districts’ implementation of these grants.) In addition, ARRA made available about $11.6 billion for the IDEA, Part B programs for children and youth with disabilities.

At the time of our survey, the vast majority of school districts had received, or had a firm commitment from their state that they would receive, Title I and IDEA funding through ARRA.

Unlike the SFSF funds, which were intended to be distributed as quickly as possible to help avert job losses (U.S. Department of Education, 2009a), the ARRA appropriations for Title I and IDEA for fiscal year 2009 were intended to be used primarily in school years 2009-10 and 2010-11. Title I and IDEA are “forward-funded,” so that funds appropriated for fiscal year 2009 are available for obligation by states through September 30, 2010, and for expenditure by districts through September 20, 2011. Reflecting this timetable, a greater proportion of districts expected to deplete their supplemental funds for Title I and IDEA by the end of school year 2010-11 than by the end of 2009-10. Figure 8 shows districts’ timetables for spending ARRA funds for these two programs.

**Figure 8. Districts’ timelines for spending ARRA funding for Title I and IDEA**

<table>
<thead>
<tr>
<th>ARRA Title I</th>
<th>ARRA IDEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>71%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Figure reads: An estimated 21% of school districts with Title I ESEA grants had spent or expected to spend all of these funds by the end of school year 2009-10, while about 71% expected to deplete all of these funds by the end of 2010-11 and about 9% by the end of 2011-12.

Note: Percentages do not total 100% due to rounding.

Note: The difference between the 21% and 9% estimates in the Title I figure is not statistically significant, nor is the difference between the 19% and 12% estimates in the IDEA figure. The specific confidence intervals for the responses in this figure can be found at www.cep-dc.org in appendix 3, Confidence Intervals for Survey Responses.

Source: CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.

- **Large proportions of districts are using both ARRA Title I and IDEA funds to save or create jobs. Many districts are also using significant portions of these funds for technology and instructional materials.**
In general, all of the requirements that govern regular Title I ESEA funds and IDEA funds apply to the ARRA supplemental appropriations. Thus, the ARRA funds for these programs are not general aid for school districts but must be spent to benefit low-achieving children, in the case of Title I, and children with disabilities, in the case of IDEA. At the same time, the U.S. Department of Education has emphasized that the infusion of ARRA funds for these programs represents an “unprecedented opportunity” for educators to implement innovative strategies that will improve educational outcomes for Title I students and children with disabilities, while also stimulating the economy. ED has further noted that the additional resources will enable school districts to serve more students and boost the quality of services provided (U.S. Department of Education, 2010; 2009b).

More than half of the districts receiving ARRA funding for Title I or IDEA are using these dollars to save or create jobs:

- Of the districts receiving ARRA Title I funds, roughly 59% used at least some of this money to save or create jobs for Title I teachers and/or principals in Title I schools.

- Of the districts receiving IDEA grants through ARRA, about 57% used at least some of this money for jobs for special education teachers, transition coordinators, and/or other special education staff.

A majority of districts also reported using their ARRA Title I funds and IDEA funds for materials, technology, and equipment:

- In the case of districts receiving ARRA Title I funds, about 65% used at least some of their funding to purchase materials and supplies and/or instructional hardware and software.

- In the case of districts receiving ARRA IDEA funds, an estimated 52% used at least some of this money to purchase assistive technology to help students with disabilities.

We speculate that the popularity of these types of one-time purchases may signal districts’ reluctance to expand services to students that might have to be retracted later, or to hire staff that might have to be let go after ARRA funding disappears. It may also reflect ED guidance, which advised recipients of ARRA Title I funds to “minimize the ‘funding cliff’” and “focus these funds on short-term investments with the potential for long-term benefits rather than make ongoing commitments that they might not be able to sustain once ARRA funds are expended” (U.S. Department of Education, 2010).

Notable proportions of districts used some of their ARRA Title I and IDEA funds on specific types of professional development. In the case of Title I, this involved professional development to help teachers better instruct English language learners (an estimated 21% of district recipients). In the case of IDEA, roughly 56% of district recipients used a portion of their ARRA IDEA funding for professional development to help teachers improve achievement for special education students.

About 20% or fewer districts used supplemental Title I funding for the following activities:

- Pilot testing new instructional approaches
- Supporting teacher induction programs
- Supporting Title I preschool programs
- Extending Title I services to additional schools
- Implementing strategies for attracting effective teachers and principals to Title I schools
In the case of IDEA, approximately 20% or fewer districts used funds for the following strategies:

- Purchasing vehicles and other equipment for transporting special education students
- Expanding the availability and range of inclusive placement options for preschoolers with disabilities

- In nearly all of the districts receiving Title I or IDEA funds under ARRA, spending decisions were influenced to a great extent or somewhat by the one-time nature of the supplemental funding.

Figure 9 shows the extent to which districts’ decisions about how to use ARRA funds for Title I and IDEA were influenced by the fact that these funds represent one-time resources.

Figure 9. Percentage of districts receiving ARRA Title I or IDEA money whose spending choices were influenced by the one-time nature of the funding

<table>
<thead>
<tr>
<th>ARRA Title I</th>
<th>ARRA IDEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influenced to a great extent</td>
<td>73%</td>
</tr>
<tr>
<td>Somewhat</td>
<td>24%</td>
</tr>
<tr>
<td>Not at all</td>
<td>3%</td>
</tr>
</tbody>
</table>

Figure reads: In about 73% of the districts that received Title I grants through ARRA, spending choices have been influenced to a great extent by the fact that these funds represent one-time resources.

Note: The differences among the 73%, 24%, and 3% estimated in the Title I figure, and among the 74%, 22%, and 4% estimates in the IDEA figure, are statistically significant. However, none of the differences between the Title I and IDEA figures for the same degree of influence (a great deal, somewhat, not at all) is statistically significant. The specific confidence intervals for the responses in this figure can be found at www.cep-dc.org in appendix 3, Confidence Intervals for Survey Responses.

Source: CEP Survey of Local Education Agency Use of ARRA Education Funds, spring 2010.

Furthermore, the one-time nature of ARRA funding for IDEA has given rise to a unique and challenging issue that relates to an exception to the “maintenance of effort” requirement found in the IDEA statute. In general, IDEA requires districts to maintain their annual level of state and local spending for special education. If, however, a district’s IDEA allocation for a particular year exceeds the amount it received in the previous year, then the district may reduce its state and local expenditures for special education by up to 50% of the amount of the increase, as long as the district uses those freed-up local funds for educational purposes authorized by ESEA (U.S. Department of Education, 2009b). The large increases for IDEA that districts will receive through ARRA present an opportunity for districts to take advantage of this exception by reclaiming some of the local dollars that have
been spent to meet IDEA mandates and using them for other educational purposes. Some states, however, have applied a narrow interpretation regarding which districts are eligible for this 50% flexibility and are letting very few districts take advantage of the exception.

Based on our survey data, an estimated 57% of districts have not sought or received permission to reduce local funding of special education due to the availability of ARRA resources for IDEA. The remaining districts were split between 1) seeking or receiving permission to reduce local funding, and 2) having no plans yet in this area.

**Conclusion**

Our research indicates that ARRA funding for education has met a clear need at the local level by helping to stabilize funding and fill in the budget shortfalls experienced by a large percentage of districts in school year 2009-10. A sizeable proportion of districts used ARRA funding to save or create teaching jobs and other education jobs, including positions that were in jeopardy due to declining state and local funding. Districts are also pursuing, to varying degrees, the ARRA purpose of promoting education reform.

Our survey uncovered relatively few major problems and needs for technical assistance at the district level. Even with the problems that were reported, a large majority of districts felt they were better off with ARRA funds than without them.

The situation looks grimmer, however, for the upcoming school year. Districts expect budget problems to continue in 2010-11, but a large portion of districts has depleted much of their general economic stabilization funds under ARRA. The education jobs crisis that had been averted to some extent this year may emerge in full force in the coming school year unless additional recovery money is authorized.
References


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