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State Officials See Brighter Picture for State K-12 Education Budgets Even as Federal Stimulus Funds Run Out, New CEP Study Finds

But Hard-Pressed State Education Agencies Expect Little Benefit, Companion Study Adds

WASHINGTON, D.C. – February 7, 2012 – States are predicting a brighter outlook for state spending on K-12 education this fiscal year compared with last year, though increases are unlikely to mean more money for state education agencies (SEAs) in most states, the Center on Education Policy (CEP) finds in two new reports.

State education officials in 37 states and the District of Columbia responded to a survey that is summarized in the reports released today by CEP.

"There is a mixed picture for states. On the one hand there is a strong feeling that state funding for K-12 education hit bottom last fiscal year and is on the rebound," said Diane Stark Rentner, interim director of CEP. "On the other hand most state education agencies are seeing their operating budgets cut or level-funded even as the agencies are being asked to do more with less."

The first study, *After the Stimulus Money Ends: The Status of State K-12 Education Funding and Reforms*, focuses on states' projections for their own education funding and the progress states have made toward implementing the four education reform priorities in the American Reinvestment and Recovery Act (ARRA). The study finds that only eight responding states expect a decline in their state K-12 education budgets in Fiscal 2012, compared with 17 survey states that reported decreases in Fiscal 2011. By contrast, 20 responding states expect K-12 spending increases in Fiscal 2012, up from 14 states with increases in Fiscal 2011.

But even if the fiscal picture improves, some states will be playing catch-up. Five of the 17 states with K-12 funding cuts in Fiscal 2011 say that the cuts slowed progress on major reforms planned for the current school year while three states said that the cuts led them to postpone or stop some or all of their planned reforms.

The data also shed light on state efforts to meet the four ARRA education priorities, or assurances: implementing rigorous standards aligned with assessments; creating longitudinal data systems to track students' progress; improving effectiveness and distribution of teachers; and providing interventions to low-performing schools. Overall, 20 survey states credit ARRA with accelerating the pace of reforms, while about one-third of them did not feel that ARRA accelerated or broadened their reforms.

Most responding states are taking multiple actions to address each of the four ARRA priorities, the first study finds. But while the vast majority of the survey states are carrying out a range of strategies to implement standards and assessments and longitudinal data systems, fewer states are pursuing certain strategies to improve educator effectiveness or low-performing schools. For example, nearly half of the responding states said they are not creating or planning to create incentives for highly qualified teachers or principals to remain in or move to districts and schools where they are needed

most. "This is likely because several actions related to educator effectiveness and low-performing schools have traditionally been addressed at the local rather than the state level," said Nancy Kober, report co-author and CEP consultant.

The second report, *State Education Agency Funding and Staffing in the Education Reform Era*, focuses on state projections for SEA operating budgets and the impact that state funding cuts have had on their capacity to meet ARRA demands. Thirteen responding states expect state funding for SEA operating budgets to drop in the 2012-13 school year. While that is half the number of states that had decreases in 2011-12, the data show that 21 states expect their state funds for SEA operations to remain flat in 2012-13, and only four expect increases. Thirteen of the 26 states experiencing cuts in SEA operating budgets this school year anticipate a second year of cuts in 2012-13.

The budget cuts are affecting SEAs' staff capacity. Most of the 26 survey states that cut their SEA operating budgets for school year 2011-12 are reducing SEA staffing costs in various ways. Twenty-four of these 26 states took one or more of the following actions to reduce personnel costs: leaving SEA vacancies unfilled, terminating or furloughing SEA staff, or offering early retirement to staff.

But SEAs are trying to maintain, and in some cases increase, staff assigned to key education reforms. In the past year, most responding states maintained or increased the level of professional and technical staff assigned to helping low-performing schools, developing educator evaluation systems and statewide data systems, or implementing new content standards. And though between 20 and 28 survey states say they have adequate SEA expertise to develop and/or implement these priorities, far fewer say they have enough staff or fiscal resources to carry out them out.

"As states' responsibilities for school reform increase, state education agency staff with the necessary expertise will be stretched very thin," Kober added. "It remains to be seen whether these agencies will have the funding and staff to fully carry out these responsibilities."

After the Stimulus Money Ends: The Status of State K-12 Education Funding and Reforms and the companion paper, State Education Agency Funding and Staffing in the Education Reform Era, are available for free at www.cep-dc.org. For further information, contact Libby May at 301-656-0348 or libby@thehatchergroup.com.

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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. The Center does not represent any special interests.