Jack Jennings:

Well good morning. We will get started even though I know a few people are getting through security and trying to find this place. We first of all want to thank Lindsay Hunsicker from the Senate HELP Committee from Senator Enzi’s office for giving us an opportunity to use the room. This is the first time I’ve been in this section. I’ve never been in the visitor’s section before. Visitor’s Center. It’s a beautiful area. And Lindsay will not be responsible for what is said this morning. She’s just providing the platform for us.

So let me explain what we’re trying to do. The Center on Education Policy is a private nonprofit group. We’re advocates for improved public schools. And what we try to do is to objectively in a fact based manner analyze different policies to see if they’re helping to improve public education. And we’ve looked at such topics as cyber high schools, vouchers, the No Child Left Behind Act, high school exit exams and other subjects. And we issue a series of reports and have some meetings.

What we’re doing now, one of our projects is to look at the federal role in education and try to analyze it in a very objective fact based manner. And we have, this project is being advised by people from different points of view – Rick Hanushek from the Hoover Institution, Linda Darling Hammond from Stanford and Tom Payzant from Harvard are three of our advisors. And what they’re helping us do is to objectively identify issues and identify people who can address these issues, and then analyze 50 years of federal involvement in education to see what the effects have been.

We have commissioned 11 papers and 10 of them are on our website. The last one is going to be on high school reform. We’re having an analysis done of all the research on high school reform that’s been done in the country, and we’ll present those findings probably in June. We also a couple weeks ago put on our website a compendium of all the research available on No Child Left Behind that fulfills certain criteria that we think makes that research relevant to reauthorizing the elementary, secondary education act.

So these are our activities with rethinking the federal role. But you can’t go very far without seeing the economic stimulus package and its impact on federal elementary and secondary education. And therefore, we wanted to have a forum today to talk about the economic stimulus package to find out where things are in terms of its impact. The economic stimulus package is unusual for education in a couple of regards.
One is the enormous increase in spending for education. This is the largest contribution to education from the federal level that’s ever been made. And so it’s a very significant step for the federal government to take. But it’s also unique in that about half the money is being given to the governors and the governors can use it to substitute federal money for state and local money and to pay for ordinary teacher salaries and other educational personnel salaries. Except for the Impact Aid program that is an unusual use of federal money. And it’s allowing substitution of federal money for state and local money.

And so it’s an unusual piece of legislation and it’s an unusual policy in terms of federal aid to education. There are many other aspects of the economic stimulus package. There is an increase in spending for the school improvement money. There are funds for states to develop data systems. There is money for teacher experiments and so on. So it’s a very significant piece of legislation.

Now I know that the money is just starting to flow, and so we’re premature in a way in asking where the money is going and what the effects are. But we think that it’s important to have a discussion like this in order to start to look at what’s happening with this money at the federal level. And so we’ve asked representatives of different organizations, from the Governors Association, the Chief State School Officers, the School Boards, the School Administrators and the Great City Schools to address two questions.

One question is, what’s happening with the money now? And again, I realize it’s somewhat premature because all the grants haven’t been made. But what are the indications of how the money is being used or going to be used. And secondly, what are the impacts of this spending on the federal role in education? Is this ephemeral? Is it something that’s going to come and go? Or is this going to have more of a lasting impact on what the federal government does in elementary/secondary education?

So we’ve asked these five experts. Unfortunately they’re limited to ten minutes because we want to spend an hour to make their presentations and an hour with discussion so people can ask questions. And we’ll begin with Dane Linn who’s with the National Governors Association. We have included a representative of the Governors’ Association because the governors have been given almost half this money. They’ve been given the money in an unusual way in that they can distribute this
Dane Linn: As opposed to present out in the hallway?

Jack Jennings: Well, afterwards we may ask you to.

Dane Linn: Thank you for having me here this morning. I want to do actually three things in my allotted time before Jack moves me under the table and tells me my time’s up. I think it’s important this morning to first, recap the budget context. The current state fiscal environments. That we’re looking at the climate well beyond the education sector. The second thing, and Jack is exactly right. That it is somewhat premature to be able to tell stories about how states are specifically spending the money, but I think it’s as equally important absent that information to share a little bit with you about what states are doing and what governors in particular are doing as we begin to think about spending funds. Keep in mind that we only have eight states that have approved applications.

And the last thing I want to do is just lay out a couple of challenges that might serve us well for the conversation, the Q&A that we might have a little bit later. Because I think there are definitely some key challenges that we want to bear in mind. We know and from the recent fiscal survey that NGA and the National Association of State Budget Offices released that we have budget shortfalls now that range in 230 billion dollar range over FY09 and 010. So those are significant budget shortfalls. We now have every state, with the exception of one that is in deficit. And looking where to cut.

And in this environment or in previous climates education has traditionally been spared. The cuts have not been severe or education has not bore the brunt of any cuts. But this climate doesn’t allow for that. So education is pretty much taking an equal hit to any other service. Whether that be Medicaid or any other social service that is paid for by the state in part.

We really see, you know with these deficits that we see a significant impact, but the real impact is gonna be somewhat delayed. And we’re gonna see the most significant impact hit states in 2011 and possibly 2012. Some of the projections that far
out aren’t looking particularly well. But many of you, if you work with foundations, you’re hearing many of them say, “Well right now we’re able to give based on the current budget. But given the losses our giving is going to decline in the upcoming – in the ensuing year.” And so the same thing happens with the states. And it’s important to bear that in mind.

The last is and thanks to, I won’t say ARRA cause it just takes too darn long. I’ll just say the stimulus. With the help of the stimulus or without the stimulus the state budget gaps would be in the range of 300 to 350 million dollars. So this money, this shot in the arm is a huge help to governors. But even more than governors, the students that we’re supposed to be serving from those have served in early childhood, K12 and post secondary education.

With that context let me just go through for you a couple of examples of how states are thinking about spending these funds. And I want to start from an experience I had last week in Kansas City where we were really grateful to the Ewing Marion Kauffman Foundation in Kansas City. Who has a smart idea of trying to bring 70 people together from Missouri and 70 people from Kansas to spend an entire day one, becoming knowledgeable about what the stimulus is, what it is not. And to begin to think about how they might, not just align the way they spend these funds from the school house to the state house, but what – how can we spend these funds in a way that builds on what you’ve already been doing.

Missouri, for example, has done a huge amount of working the area of science, technology, engineering and math. Both at the state level and the district level. How do they think about potentially assuming there are some flexible funds and not all of them have to be used to save jobs, how can they build on the work that they’ve been doing in the area of staff?

 Hopefully we’re gonna have subsequent meetings in those two states with the help of the Ewing Marion Kauffman Foundation. So that we can continue this dialogue between those on the front lines and those at the state level. Because if we don’t we really take this risk of the pinball approach. That funds are just being spent all over the map and there’s no coordination. And without coordination, in my opinion, it’s gonna be very difficult to make the case that we’ve done a good job in spending these monies wisely.

The second activity that I want to highlight for you is really just the work that many governors are doing, and Alabama’s a good
example of this, of convening individuals. Either virtually through podcasts or face to face meetings. So that individuals have an opportunity to not only learn about the stimulus, but to provide input on what they think the stimulus funds should be used for. And when I say the stimulus funds I don’t particularly mean the stabilization. I mean the range of dollars that are flowing directly to states or may flow to the states as a result of the competition they win. So for example, the race to the top funds. So there’s a lot of educating going on. So individuals are very clear about what the stimulus is and is not.

I think another example to point out before I move on, is that in Missouri where the governor has, Governor Nixon has really invited through his recovery website an opportunity for citizens to provide ideas on what the governor – ideas for the governor and his staff to consider and hopefully for other state officials, not just the governor, as they begin to think about the expenditure of these funds. And the last time I checked they probably had, you know 5- to 7,000 comments and ideas that you can review. You can actually take a look at some of these ideas that have been submitted.

The other activity that we see going on across a number of states is the creation of these handbooks. For example, in Pennsylvania and Texas both governors’ offices in coordination with the state commissioner of education, the chief state school officer, have provided some guidance on ideas that you might consider for spending these funds. And while a lot of those ideas are in K12, Pennsylvania has done – taken an additional step and provided ideas to the local Head Starts and other individuals to suggest how the funds could be used to support early childhood education as well.

The next idea is really – the next activity we see is specific to Massachusetts where the governor convened a task force. And very quickly, actually before the stimulus passed. And that task force was charged with generating a set of ideas in relationship to his goals, and hopefully Mitch Chester, the state commissioner’s goals as well, for how those funds get spent. That will - that recommendation or list of recommendations came out before the stimulus was passed. And they are now using those recommendations to inform the way that they’ll spend those dollars.

We’ve just come off a day long meeting with the Czars, which is an activity NGA has been sponsoring with the White House over
the past couple of months. It was our second meeting with the State Accountability officials, who have responsibility for overseeing these funds for the governor. And we brought them together to learn the most current information from the Congressional Budget Office and General Accounting Office. And then cut across a number of issues. And we spent yesterday in the education breakout talking about the assurances. So that those individuals who largely are budget people, really have a clear understanding of what the assurances are and the draft metrics that have been drafted. And I can tell a little bit more about that as we move into the Q&A.

Let me move on to the challenges and then I’ll wrap up cause I’m sure I have about one minute left. I think challenge number one is sustaining the funding commitments. We have to remember that these funds are only available for a limited period of time. And so states are gonna have to think carefully about where they put these funds, where they dedicate these resources. So if you’re gonna put it into expanding, creating more Title I programs in high schools, where is that money gonna come from after the stimulus is gone?

The second challenge is to spend the money quickly, but also spend it thoughtfully. And this is a real challenge for states. You’ve got to get the money out the door, but you also don’t want the money going to waste. Because at the end of the day, not just because we have all these websites which are going to indicate how the dollars are spent, but I think there’s a larger discussion we need to have here so that we can ensure that something good resulted from the investment that’s been made. Because if we can’t demonstrate some good in this occurred, and not just good, but that we’ve had demonstrated results because of these investments, it’s gonna be difficult to make the case in the future for additional funding.

Jack Jennings: I need you to wrap up.

Dane Linn: And then to wrap up I think the accountability provisions. There are multiple accountability provisions that are making this difficult for states. You have OMB. You have the GAO and the accountability board through GAO who are all creating different ways for states to be accountable for these funds. We need, just as we want states to create one way for districts to be accountable, we don’t need states spinning their wheels and submitting five different reports to multiple federal agencies. We need one streamlined approach. And again, I’ll reiterate that it’s contingent
upon us at the state level to do the same thing so district superintendents aren’t spinning their wheels as well.

**Jack Jennings:** Thanks, Dane. Our second presenter is Gene Wilhoit with the Council of Chief State School Officers. Gene used to head the National Association of State Boards of Education. Then he was the chief in Arkansas and in Kentucky. And he’s sorely missed from Kentucky. When I run into some people they wish he was still back there. But we’re glad he’s here because he’s helped to rejuvenate the Chiefs as an influential organization in Washington. Gene, if you can give us your views.

**Gene Wilhoit:** Thanks, Jack. On the first question, as Jack said, it’s difficult to determine how monies will actually be spent, but there are some trends occurring now that I can relate in terms of state action. Remembering that all that was required out of this first release was an assurance.

**Jack Jennings:** Gene, I think you put the mike in the middle.

**Gene Wilhoit:** And the states at this point, through the governor’s office, have assured the federal government that they will act in certain ways. We will wait until the second wave to determine actually where they’re going to move in those assurance areas. But clearly by accepting, the eight states that have accepted the money and received the money at this point and the states that are all now submitting their assurances, there is beginning to emerge a theory of action about how we change American education. And that’s becoming very transparent.

We know now what the states will be focusing on in the next few years. And those things are outlined in those assurance packages. And they’re reinforced, in a moment I’ll talk about reinforcement in other ways through the stimulus program. And then I’ll talk about long term. But basically every state right now is thinking about how they’re going to develop better standards. And there are definitions about what those standards need to be, and they’re certainly not minimalist in nature. High level standards, movement in each state over the next few years.

There are promises from the states that they will develop better assessment systems with a mindset toward what we now know from research and best practice are better assessment than are in place in almost every state out there right now. We know also that they will be moving to upgrade their data systems. And there are definitions around what those data systems would be able to do.
And they merge not only – or to build on the K12 movement that’s been underway in the last few years. But they’re calling for a merger of those systems with higher education and with elementary and secondary education. And in many cases, states are beginning to think about how they bring multiple agencies together into more robust data systems. And how they work out arrangements with local school districts to gather all this information in a quality way and report it out. So a lot of action around upgrading data systems will occur.

And then finally, the issue around teachers is high on the agenda, and probably the one that is just emerging in a federal conversation and may make the greatest difference in terms of the direction we take in the next few years. As well as the final issue around how we deal with our lowest performing schools.

That’s the agenda that the federal government has laid on us through a set of assurances that will be reinforced in other ways in the next few years in my sense. We’re getting that reinforced. The first round is through the matrix reporting system. And all of you have seen the criteria around which people we’re going to have to ensure that their data systems are reporting information in these areas. States are now hustling to evaluate their capacity to deliver those federal requirements to receive federal money and to report against those matrix requirements. And if not able to do so right now, they must put a plan forward about how they’re gonna obtain that capacity in the next few years.

I will mention then too that the thought out among the states is that this is gonna be the most transparent action between the federal government and the states. Whether that turns out to be the case, I don’t know, but we have more tools than we’ve ever had to make this transparent. And the reporting requirements are going to be – and you’ve noticed the federal government has changed its procedure for putting information on its own system and setting up processes to report this. The message that is going to the states and to the local districts is that you had better do the right thing here because everything is open for inspection and investigation.

So we are seeing states pay a lot more attention to how they’re putting their systems in place to make sure there is some accountability. So you could see this kind of movement and interaction among the states. It appears to me that the second round of receipt of stimulus money will reveal a lot more about where the states go in these areas. But we have the outline. We
have the blueprint for moving ahead. The states are now attempting to fill that in in a way that would advance the work.

The second thing we’re watching from our perspective is what’s going on in the states. And we’re sort of looking at it from a point of view of the states that have had terrible financial situations in the last few years and looking at states that have not quite been in that kind of steed to determine where this money is going to flow. And it’s clear in states like Florida and California where there have been long term downturns in the economy what we’re going to see is filling in on jobs and in preservation of programs.

So what we’re gonna get out of this first stimulus money I believe, is an emphasis on the first part of this, the recovery part of the initiative. Not so much on the reform in those states. They simply are just trying to survive. Trying to fill in the gaps. Trying to make sense out of how they’re gonna get through this process.

We also are watching states that have not been impacted as dramatically around the economic issues as the others to see if there are some efforts underway in places like Massachusetts and Wyoming and Texas and Arkansas. Those places that have – all of us have been impacted, but not to the dramatic degree as those other states. And what we’re looking for are any signs of interaction in those states that would indicate that they’re doing more than simply filling in to recovery. And it’s a mixed picture right now.

We’re seeing states attempt to take leadership roles, as Dane laid out a couple of examples and he mentioned Massachusetts. Illinois just put out a set of assurances for the local districts that align with the state assurances attempting to drive the distribution of those resources in productive ways. Arkansas, Governor Beebe and Ken James, the commissioner, have convened all the superintendents. You’re seeing these patterns emerge in all the states where they’re trying to get a focus around positive use.

But it’s still a little early to determine. But out of this first wave my call is there’s gonna be a heavy emphasis on the recovery part of this. The real reform in my mind, potential on this and the real drive around the reform will come out of those smaller pots of money. Still considerable amounts of money that will come later on. Both in terms of the race to the top fund that will be released in two phases – one this summer and then one next spring – that will be competitive, have emphasized in terms of design. We could go into that in much greater detail. But we see a lot of action
in the states around trying to determine a direction for the future that would make giant leaps in areas where we have been constrained by resources in the last few years. And it’s encouraging to see. So I think we’ll see a much more emphasis on recovery or on the reform side of issues as those programs roll out.

So what’s the effect on the federal government and the states? Clearly, an unprecedented amount of money. Already the action in the country is following the stimulus, not No Child Left Behind. You can see the changed conversation in this country. It is about figuring out what we mean by better standards, what we mean by better assessment systems, what we mean by supporting teachers in much more robust ways. That really is the heart of the interactive process that’s going on in the states right now.

So it’ll be interesting now how is this laid on top of the current federal environment, the current relationship that exists between the federal government and the states. My sense is that states are gonna come out of this with much greater capacity. I think we will see a number of states who will, as a result of this, take some risk that they’ve not taken in the last few years or have been constrained. I think the partnership and the incentive coming from the federal government provides a bit of cover for states to take some of these risks. Remember that this money has to be expended at the local level, as well as at the state level. So the potential here for bringing about some system wide change is greater than we’ve had in other times. So I’m optimistic that this is the beginning of a more intensive conversation that will be supported by additional resources later on and by a more strategic thinking on the part of the states.

The real question is then what becomes – you know how do we then marry this with the reauthorization of ESEA. And I think for all of us, although we’re all focused on the stimulus right now, but the real impact will be how does this conversation translate into a different conversation around ESEA and what will that new relationship be between the states and the federal government? My sense is that both the Congress and the administration are open to this conversation. They’re encouraging it.

And my sense is now it’s the issues of how do we maintain the sense of accountability for all children. How do we keep the pressure on high standards and high performance over the next few years, but at the same time begin to open up to more innovation and different approaches to these areas? I think the one unresolved issues is what are we gonna do about highly qualified teachers and
how will that translate into a different set of relationships between state and federal government.

The last thing, Jack, is that the opportunity here is tremendous in terms of the federal partnership. Because not only is ESEA open for reauthorization, but IES is up for reconsideration, IDEA is on the table. So we have an opportunity here, and I think if people are beginning to think strategically about it and I have to think they are, we figured it out. That there is an opportunity here to develop some consistency across federal policy that we’ve not had in the last few years. So we could see a defined relationship between states leading out of ESEA that is supported through a strong research agenda at the federal level, which is supported by the programmatic elements that flow from the federal government to the states. With the states coming forward with some redesigned systems. That’s the Pollyanna-ish view of what might happen.

Jack Jennings:

Thank you, Gene for that hopeful view. Let me now turn to Deborah Rigsby who is director of federal legislation for the National School Boards. Deborah’s a relative newcomer to the scene. She comes – did some work in Mississippi, worked the National League of Cities and now is with the School Boards. And can you give us your point of view?

Deborah Rigsby:

Thank you. I have to say as has been stated, school districts, like their state counterparts, are really concerned about how to spend the money wisely, but how to use this to really drive reform. So trying to manage this is a delicate balancing act, especially when you look at the accountability and the transparency requirements is going to be key.

What we do know from school districts based on earlier preliminary survey data that we received is that school districts for the most part have begun to figure out what they want to do and plan to use in terms of the Title I and IDEA increases provided through the American Recovery and Reinvestment Act. For example, we know that many districts, a consortium in Connecticut is hiring math literacy coaches for the summer. For other districts it’s about utilizing the money that’s been available through the state fiscal stabilization fund. Some grants for basic needs such as school modernization.

And for a number of districts, especially in North Carolina and California, San Diego, for example, will be the first district to take advantage of the new qualified school construction bond authority. Which provides about, total with the two programs, about 24.8
billion dollars in bond authority. So this is, of course, addressing a need as we all know that has been apparent for a while.

I think nationwide estimates based on studies that have been done through GAO and also information through AFT and Rebuild America’s Schools Coalition is that there is an unmet need of more than 300 billion dollars for school infrastructure and modernization and upgrades, etcetera. So that’s one area where school districts are looking into taking advantage of the new bond authority, especially when you look at the fact that this is a zero interest bond program for schools and communities and states with lower tax revenues and tax bases. And in this economy this is a great help.

Another example, when you focus on the reform side, we’ve heard from school board members there’s a concern to really, and especially with graduation rates and new results coming out, to focus on that. How do they align their plans with the state? There’s a big angst also as we’ve mentioned with the data systems. I met with a group of administrators at Columbia Teachers College last week and the issue of aligning the systems, for example, you have school districts with far more sophisticated systems than that other state counterpart. How do you operate and merge these platforms? How do you make them interoperable? How do you use the data in a thoughtful way to target areas of improvement and also to replicate what works?

Other districts, for example, Atlanta, wants to use the success that it has achieved with some charter schools and specific schools. They’ve worked with the Institute for Student Achievement out of New York. To focus on college and career readiness and graduation rates with some high schools that are in need of improvement. And this is where they want to replicate the success. And they want to do this and perhaps use this as a springboard to accessing the race to the top fund.

So based on some of these preliminary information we’ve received it runs the gamut. For other districts in New York, I was speaking to a principal, and they know that with Title I they’ll be able to expand the eligibility for students. Now these services are afforded to students whose families qualify for free lunch. It’s now with the increase in resources and dollars, his school can now provide more services to students whose families qualify for reduced-price lunches.

So again, I think there’s an emphasis there to get this right. To definitely use the funds in a thoughtful way so that it can drive a
meaningful reauthorization for ESEA, for IDEA as well. And also to support this increased baseline going forward. This is certainly what we hope. Because our two major programs, Title I and IDEA, have been under funded consistently. And this is an opportunity to prove that there is a need. That we’re driving reform. And that we’re doing it well. So I’ll end there.

Jack Jennings: Next we will go to Mary Kusler who is with the American Association of School Administrators. And Mary, and Jeff too, are known as two of the most effective voices for public education on the Hill. So let me start with Mary. And then we’ll go to Jeff.

Mary Kusler: Thanks, Jack. Jeff and I have decided we were at this side of the table for a reason. Because we’re now gonna maybe change the tone of the conversation slightly as we generally do. It’s our thing. I want to thank you all for the opportunity to be here today. And I want to start my comments by first of all, making it very clear that the administrators across the country are absolutely grateful for the investment in education that we’ve seen -- the single largest investment in education at the local level. However, a lot of this comes in the “be careful what you ask for” category. I’ve been on the road almost constantly for the past two months talking with superintendents about this. I want to talk about the challenges that are being faced on the field at the local level.

The first one that I’d like to talk about is what I’d like to call the schizophrenic nature of the money. With the same pot of money districts are being told, “Spend it quickly to save and create jobs, yet create lasting reform,” and those are two very different goals, and they don’t necessarily mesh up. I had a superintendent mention to me the other day, “what if the jobs we’re being forced to save are not the jobs we need to create reform and to move forward? What if losing those jobs are actually us creating reform in our district?” How can you do the same with the same money?

And so it presents challenges as they look to implement this at the local level. And then you add in, as been mentioned by the prior speakers, the increasing level of accountability like we have never seen. The amount of money, both at the state level and at the district level that is going to be spent on accounting, on setting up new bookkeeping process, on the transparency and accountability is money that is not accounted for in these funds. It’s going to come out of these funds, but that is money that will be spent purely administratively. That will not go towards creating or saving jobs or creating lasting reform. It’s going to be to setting up accounting systems and finding ways to track the use of these funds.
What we have been saying to school superintendents is, “Make sure, however you spend a dime of this money, you are comfortable with it appearing on the front page of your local newspaper with very little explanation about it.” And whether it’s allowed – you know even if it’s allowable under the law, you need to be careful and comfortable that you can go to sleep at night knowing the next morning your name and that use is gonna be on the front page of your newspaper. Without paragraphs and paragraphs of why it’s justifiable. And that’s a high standard that districts are gonna have to meet.

The second thing I’d like to talk about is the state fiscal stabilization fund. That will not be new money for school districts. All these hopes of districts using that money, that flexible pot of money for new reforms and to save jobs, that is not gonna mean – districts – based on the preliminary analysis of what is going on in legislative sessions across the country. That for the most part is not gonna mean new money.

And what we’re really seeing is three types of states. We’re seeing states that absolutely knew going into their legislative session that they were gonna have a shortfall. You mentioned some of them already. And so they are grateful. I mean they knew they were gonna have a shortfall. Districts were expecting to get massively cut. In some of those districts, Virginia included, the state fiscal stabilization fund is being used to plug the holes and not making them fully whole, but at least it’s better than they were going to be.

Then there were states that were looking at minor downturns. And so we have those states that are using the state fiscal stabilization funds to fill the holes, and then provide increases for the coming years. And those are states that seem to be really good stewards of the money as well.

And then we have an increasing category of states that are absolutely positively, I will not take any explanations otherwise, supplanting their efforts in education with this money. There are states that went into their legislative sessions this year that had no intention of cutting their effort toward schools. And now they are using this money to use the Secretary’s own words, to play a shell game. And to reduce their effort in education by the amount of money they have coming in, in some cases fully, through the state fiscal stabilization fund. In that case those districts will not get a dime of money through the state fiscal stabilization fund to fill jobs.
or to create reform. They’re gonna be barely treading water with that money.

Now I appreciate the words of the Secretary and the Vice President and the President that they’re going to stand strong against states that play this shell game with the money. And anybody who read the state fiscal stabilization fund guidance that came out on April 1st will see that the Secretary has made it clear that he will not grant waivers to states that play this shell game. And just a little bit of background, the states will need the waivers.

And the reason that the states are gonna need the waivers is if they cut their effort in education, their state dollars, even though the districts in the end won’t see a cut – but if they’re cutting the amount of state dollars going towards education, they will not meet the maintenance of effort requirements in Title I and IDEA to ensure that their states are gonna receive those funds in FY2010. So they will need to get the waivers to treat the state fiscal stabilization funds as state dollars for the purposes of meeting maintenance of effort.

And I appreciate the fact that it’s in the guidance and I appreciate the fact that the Secretary’s been speaking about it. I just think it’s a huge difference between putting it on paper and actually doing it. And so we all know that the maintenance of effort waiver is over at OMB, and should be coming out shortly. I just think it’s gonna take turning down one waiver request in order to change the behavior. But I’m not sure, you know I’m a skeptic. I’m not sure when push comes to shove at the end of the day anybody’s gonna be willing to do that.

Under Title I we are gonna see an expansion of services in Title I. And this is gonna create problems at the local district level. There is not a lot of money to save jobs generally within the districts. So you’re gonna have districts that are cutting staff positions, cutting teachers at the same time that they are gold plating their Title I program or expanding their Title I program into middle and high schools or creating early childhood programs, yet having to let go teachers who don’t work in Title I schools. And so that’s going to create a little bit of a tension at the local level.

But we are going to see more schools being served. We do see in the guidance on Title I that they did provide a rather broad interpretation of supplement not supplant. And so there is a little bit of wiggle room for districts to maintain teacher positions by transferring those teachers to Title I purposes. And then we’re
going to see an expansion of programming. I had a district tell me in Illinois that they’re going to expand a ninth grade transition program they have with a pilot program. And now they’re gonna launch it fully throughout the district with the use of this money.

The last area I want to talk about before talking about moving forward is IDEA. And as somebody who’s probably been one of the most outspoken ralliers of the need of the federal government to maintain its commitment to 40 percent of the national average per pupil expenditure for every child in special ed, I actually think that the way that the IDEA money is shaping up could create the greatest challenge for school districts in spending, for two reasons. One, under IDEA 2004 there was a provision put into place that would allow districts to reduce the amount of money that they were putting into special education by an amount equal to 50 percent of the federal increase, provided that that reduced amount was used for educational purposes, essentially purposes authorized under ESEA.

This is a critical piece that AASA helped get into IDEA 2004 because if you look at special ed, special ed is not under-funded at the local level. We can’t, by law, we can’t. We have to provide a free appropriate public education regardless of cost. It is under-funded at the federal level last year to the tune of 15 billion dollars. So we rob Peter to pay Paul. We steal from our general fund balance, raise taxes, cut programs that benefit all kids in the district at the same time we’re shifting dollars over to special ed. So if the federal government steps up to the plate and pays its share of special ed, local districts should be allowed to reclaim their local dollars, not the federal dollars, their local dollars that they have been putting in special ed and move them back into the general fund balance for educational purposes.

Now it seems that the states here are taking a very narrow – by the direction of the US Department of Ed, interpretation of who is eligible for this flexibility. And so we’re really disappointed to see that they are letting very few districts take advantage of this flexibility. And this will make it very difficult to spend the special ed money because the special ed is the only area we really see an entitlement for services and where school districts are open to liability.

So the question is as we talk about this newly invented funding cliff that will happen when the stimulus money runs out, school districts cannot use the IDEA money to expand services, to create a higher level of services that they financially are not gonna be able
to keep going after the stimulus money disappears. Because then they would have created a higher level of services and be subject to liability when they’d have to cut back those services. How do you explain to a parent, “Oh, I can afford three days of speech therapy for your child this year. But next year, they’re still gonna be okay but they’re only gonna get a day and a half.” You just can’t do that when it talks about serving students with disabilities. And so IDEA could potentially be a very tricky area of how districts are gonna spend the money.

And now, just finishing on the moving forward, kind of where do we see things going forward. The first thing is I think we have an – and I think Gene laid it out very well. I think we have a very clear picture of where the administration’s gonna come down on reauthorization of ESEA. I think the four assurances are with us to stay, stimulus or not. And that this will form the basis for where their reauthorization proposal is. I think as locals we have to be very cautious of some of the data they’re asking to collect. We will be commenting on extensively and I’ve already shared this. But we have a real concern with the federal government wanting to collect the percentage of teachers at each level of an evaluation system that is a district level evaluation system. And if you can’t aggregate that data statewide, and not to mention nationwide, what use is that data? And what use is it for the federal government getting into evaluation decisions that we’re making on the local level with locally paid for teachers? If they want to say anything about federally paid for teachers, highly qualified teachers is there and they have that right as the federal partner. But they need to – there needs to be an equity issue.

There’s a new precedent for federal funding when you have federal funding flowing through a state funding formula. That’s unprecedented. We have never seen that.

And then finally, there’s still no conversation surrounding meeting the needs of the whole child and integrated services. Here we have the economic situation where we have the largest number of children in poverty being impacted across the board. Homeless children. Children who are now qualifying for Medicaid. And yet we’re still not talking about coordinating service delivery through schools.

So I think there’s a broader agenda that the federal government had an opportunity in the stimulus to address and that we’re hoping that they’re going to do it moving forward. Thank you.
Jack Jennings: Thank you, Mary. Well our last presenter will be Jeff Simering, director of legislative services for the Council of Great City Schools, which succeeded in getting one of their members appointed Secretary. Congratulations. And I think Jeff is going to be the one, two punch after Mary. So I think this will be the second round. Jeff?

Jeff Simering: I’m gonna try to drag this discussion further down. I think there may be a grocery store analogy here. They tell you not to go to the grocery store when you’re hungry. I don’t think this is an optimal situation for me to be discussing the stimulus package cause I’m becoming increasingly distressed at how – about how it was designed and how it’s being implemented. As Gene said, it’s still early to make finite pronouncements on impact of what’s being learned, but there certainly are some indicators out there. Taking Jack’s questions one at a time.

How are the education stimulus funds being used? Short answer, I don’t know. And one of the reasons is that school districts are not absolutely sure how much money they’re necessarily gonna get and what is the range of use that they’re gonna be allowed to do with those dollars. There’s an amazing amount of mixed messages being sent that I think some folks have already indicated about the stimulus dollars and about the stimulus programs.

The question about how much money is actually going to be there is a question of how much is actually real money and how much is actually usable as Mary indicated. The largest source is the stabilization fund. For education that’s about 40 billion dollars. Initially the school districts were very worried that states were going to basically restrict or direct how we’re gonna spend the money. One state for example, had told us initially that we’re gonna – that you’re gonna spend the money at the local level in every district on technology and textbooks and that’s it. Alright.

The Department has resolved that issue. And basically said that once the dollars trickle down to the local level you can use the full range of your authority under the stimulus, which is pretty broad in terms of the use of the dollars. So that was cleaned up.

But we still don’t know how many dollars we’re gonna get because, as Mary indicated, there is an uncertainty because of the use of a nontraditional funding mechanism by the federal government. Running the dollars through the state primary, elementary and secondary education formulae, formulas. Part of
that issue is that states fund elementary and secondary education through a number of different funding mechanisms, accounts, programs, etcetera. A dozen, two dozen, three dozen in some places. So which formulas you pick determines who gets the money or who gets the lion’s share of the money. And people are waiting to see what state legislatures are gonna do and the other people, the governors and the chiefs that will have some impact on those decisions. Some less than others.

So we’ve got a problem there. And that has delayed getting the dollars down to the local level by using this nontraditional approach, running it through the state formulas.

More importantly, however, as Mary pointed out, is the issue of the shell game, the bait and switch that we are seeing. And the question is will we really get any real dollars? Basically let me just give you the example. A state decides to cut a billion dollars out of its state elementary and secondary foundation aid. It takes that billion dollars and puts it in the state rainy day fund, or puts it in the state pension system, or puts it in some other use of dollars. Then it takes the stabilization fund and replaces that with a billion dollars of stabilization aid. How much new money – how much additional money have they got?

Moreover, in the situation where we have states that weren’t really expecting to make major cuts in elementary and secondary education, the stabilization legislation allows them to cut back to the 2006 level of funding. So they are almost being invited to cut elementary or education, replace it with stabilization aid and then use those funds elsewhere for something else. And this is not – you know some of it’s gonna be a simple bait and switch process. Some if it’s gonna be more elaborate and it’s gonna take probably years and some real careful study to track the funds and figure out where that’s happening. But that – we are seeing or at least it’s being threatened to happen over and over and over again. And the Department has yet to come out and prevent that bait and switch.

On the categorical side, we obviously know how, because of the track record, we know how to estimate how much money we’ll get in Title I and how much money we’ll get in IDEA. So we can begin to make plans a little bit easier for those dollars. Some of the states are threatening to do the bait and switch game even with the categorical funds, but it’s only a couple of states. And I think it’s mainly the state legislatures who haven’t gotten it through their head that they’re not necessary gonna be able to pull that off, though I think some folks will try.
State educational agencies, some are giving improper or what I would say is restrictive interpretations. We have one big city school system who has talked with us, talked with the Secretary, talked with the Department. I think has come up with a pretty good use of funds. They want to take half of their Title I schools and extend the day for another 45, 50, 55 minutes, a good use. Find it all over the NCLB statute. The state told them they can’t do it. I think they’re wrong. I think we’ll get it corrected. But that, again, delays the process and complicates the process.

Mary indicated another huge problem in the categorical area, which is that school districts expected to use half of the IDEA allocations basically to free up local funds to meet other budgetary considerations. The state’s got to get an additional federal match in Medicaid, the FMAT allocation, to underwrite their cost and their budget cuts. In effect this local maintenance of effort in IDEA was the attempt to underwrite some of our revenue losses at the local level. However, as Mary indicated, we’ve got interpretations by the Department, we have state accountability and performance system that are so elaborate that they may not – that they may prevent us from doing that kind of thing.

We also have a couple of areas that we’re seeing some problems in of our own making. Okay. We have a tendency to be conservative on the budgetary side. Maybe it’s over the years you say, “Well, if the funds aren’t gonna be there, you know we’re gonna be conservative. We’re not gonna do recurring cost. We’re gonna make sure we invest the funds so we don’t have any other additional liabilities.” In fact, the Department of Education’s guidance is strongly suggesting we do that because these are only two year funds.

I would raise the question, and I think our folks are raising the question and looking at it very carefully, rather than increase class size, for example, for the next two years, might it not be better to maintain your lower class size for at least two more years? And then if you have to cut, do so. But if you think you’re getting a benefit from a lower class size, maybe it’s better to not worry about the nonrecurring cost.

Maybe it’s better to think about retaining the music teacher or the guidance counselor, even though two years from now maybe the economy, as Dane suggested, is probably not gonna be much better and you may have to do that a couple of years from now. But if you’re getting benefits from this, shouldn’t you at least consider
that? As opposed to running out and doing nonrecurring costs like buying computers and whiteboards? Which a hell of a lot of people are talking about. And I’m not sure how much academic or instructional impact that’s gonna have.

Also, again, mixed messages. The Department of Education, I think a bunch of people have indicated that, are sending some mixed messages. Jobs versus reform. You know do you renovate your schools? And how much education reform are you gonna get there? You know how are you gonna meet those assurances that the Department is promoting or the indicators that they’re promoting, if you’re gonna use the dollars for jobs? And do those jobs, as Mary indicated, do those jobs actually have an equivalency with reform?

In some, I’m not sure because of so many uncertainties in a lot of the school districts that they’ve actually determined how they’re gonna spend the money.

The second question is what is the effect of the stimulus experience or how is that gonna inform the federal role? Again, still early, but I don’t think it’s gonna inform the federal role a whole lot. I think if anything the ed stimulus funds underscore what we already know about the strengths and the limitations of federal aid. So for example, if in the future we decided we would transform federal aid, maybe even in part, to be more general aid support of education, to underwrite some cost, I think what we’re seeing and what we should have known and what we did know in the past is that the states will likely lower state aid.

Or even if they don’t lower state aid they will slow down the increases in state education aid if the federal government puts those dollars in. And we’ve seen that phenomena before when IDEA increased and states basically cut back on – not on their levels of funding, but the levels of increases. Or even in state law where you have inflationary increases built in. And preventing those kinds of situations is substantially difficult to do.

Again that drives the federal role into the categorical range. And unfortunately, when we drive it into the categorical range that means inherently we have requirements and we have restrictions. And those proliferate over time. And I could probably, I was just looking at the compilation of federal education roles, the ones that I have in my office only go back into the eighties. Jack goes back much further. But the most recent compilation has 600 – over 600 pages in elementary and secondary education. The one that
followed the ’94 reauthorization had 440. The one following the ’88 reauthorization had about 260. Title I, in terms of pages under No Child Left Behind Title IA 100 pages. Under IASA in ’94, 57 pages. Under the Stafford Hawkins, the reauthorization, 28 pages. We have gotten to a point of completely unmanageable sets of overlapping requirements and I think we’re seeing some of that play out even in the stimulus package where categorical requirements are getting in the way of the intent of Congress. I will stop.

Jack Jennings:

I’d like to thank the whole panel. We’ve learned a number of things. One is not to have Mary and Jeff sit together -- or at least not to follow one another. But the whole presentation, all presentations have been very good. Let me take the prerogative of the chair and ask two questions. I think one is probably for Dane. There were a couple of articles in the press and, you know sometimes the press develops a storyline. And The Washington Post and The New York Times have had stories on the stimulus package and education. And both of them had an underlying theme that the money, in effect, was being given to people who shouldn’t get it. That Wyoming was getting money when it shouldn’t get the money, whereas a neighboring state should have gotten more money.

And that out in Virginia a school board had decided in the county that they were gonna substitute the federal money for local money. And they really hadn’t wanted to do that until they knew they were gonna get stimulus money. What are the governors doing to ensure the proper use of this stabilization money? If there’s a storyline developed like this, it’s possible in the future the effect of the stimulus package may be a negative on federal aid to education. Because the stories may be too negative in the press on the use of the money. So rather than getting something positive out of it, like reform, there may be a negative feeling that the federal government has gotten too involved. What are the governors doing about that?

Dane Linn:

I think it’s not just – you asked your question, Jack specific to the stabilization –

Jack Jennings:

Right.

Dane Linn:

And I think your question is appropriate for the use of all the stimulus funds. Whether the states are simply the pass-through or they’re defining how those funds are getting spent. I just want to say this before answering the question directly, we have an
incredible opportunity here. And we have got to figure out what the solutions are that are gonna lead to the results we need to see with these dollars. No one expected implementation to be easy.

And it’s – there are a lot of challenges around how to spend these dollars the right way. And so I hope that both at the national level and the state level and all the way down to the district level we can really, and maybe it begins at the national level that our organizations work more closely together so that from the state level down to the district level we’re modeling the type of behavior that should be exhibited out in the states. So that we can make sure these dollars are spent wisely.

I know we have challenges with some of the roles that the federal government and others have, you know some of the guidance we do have, some of the guidance we don’t have. But I think at some point we’ve got to move forward. And we’ve got to be the ones who lead this effort of how to spend the money. Not because we don’t have a limited amount of time, but because we have the responsibility to figure this out.

So with that said, we’re really attempting to help our constituents understand how to spend these monies, not just according to the law, but in coordination with individuals down at the district level. And to avert some of the things that are really happening that we need to put a stop to. There are some stories of inappropriate use. And I think more than educating, we have a responsibility as their organization to try to get out in front and say, “Look, this is not the right way to spend the dollars. Here are some good ideas. Here are some ideas that build off of local successes. Or here are some ideas that build off of other state successes.” If we don’t do that as their organization, who else are they gonna turn to?

So I hope that not just NGA can do that, but we – Gene and I might as well just become roommates. We’re on many panels together. But I hope that we can work closely, at least at the state level, with the Council on trying to deliver a similar message. Cause we want the governors and the state commissioners to be on the same page.

Jack Jennings: Let me ask a question of Gene. Susie Pamudji is going to walk around with the microphone for questions. But before we go to questions from the audience, Gene, can you comment on this tension of the Administration wanting the money to be used for replacement where it’s needed, but also to be used for reform? And what’s commonly said is that if this much money’s going into
education, reform should follow. But if the money is short term, the behavior of local educators is usually not to put the money into salaries because they don’t want to be stuck with the salaries two years from now once the money disappears. And so they will put it into short term things, such as buying equipment, buying computers, buying short term things to use the money but not to be committed to the long term. So how much reform can really be expected from this money if it is short term and replacement money?

Gene Wilhoit:

Well I think that’s the dynamic that I was attempting to point out. My sense is that the motivation for most legislators right now is to get through the next two years. It’s easy to talk to them about long term reform. But their life cycle is the next legislative sessions and the one after. And they’re going – I think the human pressure on this thing is going to be let’s make it through the next couple of years. And let’s use whatever process we can use within the law to get there. And so it doesn’t surprise me that people are reading the guidance line by line and they’re trying to figure out how they can get through this crisis. I think that puts tremendous pressure on the reform agenda.

And yet, I hate to see this kind of resource going into American public education, and for us in two years to turn around and say, “We’re no better off than we were two years ago.” I think we could legitimately say, “We spent the money within the law. We did create jobs. And we did preserve programs. Therefore, we’re successful.” But we would have ignored that second mandate. Now the states are feeling tremendous pressure for this dual responsibility. It’s been made very clear to us, chief state school officers, that we’re expected to provide whatever guidance we can to ensure that those monies are spent wisely and that they’re going toward the kinds of programmatic efforts that would lead to transformation.

So all of them are trying to figure out how do you do that. Well remember though, the money flows through the Title programs. And the decisions, I mean regardless of all we say about state leadership, the decisions about how this money will be spent are legally within the rights of those local school districts. So they’re also under pressure to try to resolve those local problems. So I – that’s why I say I think the real opportunity for reform may be out of the smaller pots of money that are targeted – the teacher incentive fund, the race to the top, the local district demonstration – innovation funds. Really do provide an opportunity for people to step back and reflect. And that’s considerable.
And I just – my biggest concern is that people may expect all of this early money to go into reform initiatives. And the reality is it is not going to go there. It’s going to resolve pressing problems.

I still am optimistic about the conversation that’s going on, Jack. And that people really are engaged in serious dialogue about what is going to be necessary to leverage change in the future. So I – I’m putting a lot of stake in the conversation, the mindset, the incentive fund programs and hopefully the long term reauthorization to get us more to that reform agenda.

**Jack Jennings:** Good. Thank you. Let’s have questions from the audience. If you could identify yourself. And Susie has a mike. There’s a number of people here from the US Department of Education. You can identify yourselves as public citizen if you like. I think Joel has or – Joel, the about to be retiring representative from the National Education Association.

**Mary Kusler:** It’s like his last panel.

**Joel Packer:** It’s my last official day working for NEA but I figured, what’s more fun?

[Laughter]

**Joel Packer:** So one thing that’s really new in the recovery bill and he’s kind of touched on it is that a chunk of money now is, at least goes through the governors as compared to the chiefs, which is where traditionally it’s always gone. So I have a question particularly for Dane and Gene. Is definitely there’s a distinction or a difference or at the state level do you see that strengthening collaboration or potentially creating more conflict? Second question is, the other thing that Secretary Duncan did recently on the same day, in fact he released most of the initial money and it was really under the radar, he reaffirmed the Title I regulations that Spellings issued around graduation rates and AYP and other stuff. How do you see that fitting in with what’s going on with the recovery bill, particularly around the assurances, college and career ready standards and then you have more stringent requirements about calculating graduation rates and AYP? And do those two potentially create another conflict?

**Gene Wilhoit:** Well, I think the opportunity for collaboration, on your first question, for collaboration are tremendous. And I think both
organizations are exhibiting a true spirit of working this out in a way that makes sense within the state. And we’ve taken it a bit further than simple requirements that have come out of the federal government as you all know. We are working on a number of issues around changed behavior and promoting some innovative practices at the state level that are coming out of joint efforts, not out of a single organizational design. So I’d like to see that continued. And I think, in reality it’s very difficult in a state to bring about such that the reform over a long term when you have those kinds of divisions between the chief state school officer and a governor. So it’s to everyone’s benefit to make sure that we’re working together.

I see these other changes that you reference, and several others, as sort of temporary issues for us to wrestle with. They may be a problem in the short term, but I do think all of them are gonna be open for conversation and revisiting in the very near future. And it is important that we get it on the table and that they’re identified. But I do sense from our conversations at least with the House and Senate leadership and with the Administration that all are willing to do what they can to align the new system in a way that’s much more meaningful and makes more sense to people.

Dane Linn: Another thing that I would add, in meetings with the stimulus folks yesterday, it’s clear that a number of governors have been working with the chiefs in their state. So, you know I believe that application had to be signed off by both the governor and the chief, but we really tried to have a conversation about whether or not it was more than just signatures. And so it’s our understanding there are lots of states, from Illinois and Washington State I know have been working with the governor and the chief state school officer as well.

Specific to the graduation rate, probably in about another month we’re gonna release our report where we have been tracking implementation of state progress on the common graduation calculations. And the funds from the stimulus, particularly data systems, are really gonna help those states that have not been able to report because they don’t have the data systems in place or don’t have the cohort data that will allow them to report an accurate graduation rate. And we have actually taken our annual report a step further and delved into actually looking at the data to ensure the accuracy. So that we’re not simply taking their word that they’re implementing the grad rate. But we’re looking at the data they send us from the data systems. So we’re – I think that data is gonna be really helpful to think about, maybe in light of the
stimulus, how we spend some of these funds to address the dropout problem that we have.

*Jack Jennings:* I think Mary wants to add something.

*Mary Kusler:* Yeah. Of course. We – on the Title I regs I think there were clearly some areas where the Secretary thought that they would be helpful and try to get rid of what they saw as the most egregious problems within the regs. I think they were trying to be sensitive to the fact that they didn’t want to do what we all complained that the Secretary did which – the prior Secretary had done, which was to reauthorize ESEA through regulations.

I think the graduation rate one is the one that is most fascinating when you actually speak to Secretary Duncan about it. Because he was a school superintendent, he knows the kids’ faces that are behind these calculations. And I think he is much more cognizant of the fact that kids will not all graduate high school in four years. And he sees the necessity for the allowances for the five and six year calculations to a greater extent than I think the previous Administration did. He sees it for, you know IDEA, ELL, for dropout recovery programs, for individual circumstances of kids, alternative education.

And so what we got in our conversations with the Secretary is even though there was not an adjustment in the regs, because there is that allowance for what they had termed in the prior Administration “the exception for the five and six year”, our conversations with them seeing that they see that that exception will be a little bit more broadly interpreted under this new administration as they work individually with states. To make sure that we’re more accurately accounting for all kids rather than rushing everybody through in four years at the detriment of so many kids who will slip through the cracks on these arbitrary days and years that kids are supposed to be educated in.

*Jack Jennings:* Thank you. Next question.

*Jeff Simering:* I don’t get a crack?

*Jack Jennings:* Oh. Sure. Sure.

*Jeff Simering:* One thing that is helpful, and we don’t think the Secretary went far enough in revising or proposing to revise the Title I regs by any stretch of the imagination. But one thing that is helpful with regard to it in conjunction with stimulus is that he did indicate the
ability or the receptiveness to the waiver of the 20 percent, for at least for the stimulus money, the 20 percent set aside for basically SES and choice, which has, in most evaluations, been viewed as pretty unproductive, if not minimally productive. So that’s 20 percent of 10 billion dollars that is money that’s freed up for other kinds of instructional interventions other than SES, private providers, etcetera.

That, I would argue is pretty significant. I would argue that it’s somewhat contradictory that if they’re unproductive for the stimulus purposes, when we get to the regular Title I program are productive and we’re not gonna change the regulations. But I guess that’s an argument for a different day.

Jack Jennings: Stephanie I think has a question. Stephanie, if you could identify yourself.

Stephanie Stullich: Thank you, Jack. Stephanie Stullich from U.S. Department of Education and I am speaking as a citizen.

[Laughter]

Jeff Simering: Don’t direct it to the lobbyist.

Stephanie Stullich: The panel raised some important concerns about supplanting that some states may try to do at the state level. But I also wanted to ask you about the supplement not supplant requirements at the local level. And what I’m wondering is, of course the requirements are there for good reasons, which is to ensure that the federal money does not just evaporate into the general fund. But at the same time, if you’re not supposed to use the Title I stimulus money to expand the level of services to a level that you can’t sustain in the future, and instead support more systemic kinds of reform, is the supplement not supplant requirement potentially a barrier that might impede some uses of funds that might be some of the creative and best ways to foster reform?

Mary Kusler: I’ve got to be honest with you. I’ve worked for AASA for nine years, and I have never heard superintendents use the terms supplement not supplant or maintenance of effort ever to the extent that they’ve used them over the past four months. They now actually all understand the terms and have a much greater sense, I’m sure to the delight of their federal program administrators. It absolutely is a barrier. But it goes along the lines of what is the purpose of the money. Is it for reform? Or is it for saving jobs?
When you look at the terms that were used by Congress and by the administration when the stimulus passed, this money in IDEA and Title I was meant to be a down payment on their investment in education. I am one who will firmly believe and feel like I have proof to say that this funding cliff theory is completely made up, that the intention of Congress, with the Administration is that they were going to continue the investments in Title I and IDEA. Unfortunately they backed off of that so much that it’s making it very difficult for us to spend this money all as one time money. And as Jeff said, it makes it difficult so you look for the impact on educational reform by taking the chance, expanding services for two years and then cutting back. Or by, you know Jeff and I were laughing, we should be buying stock in Promethean right now because everybody’s gonna go out and buy whiteboards for their classrooms. And what does that mean?

I was actually delightfully surprised by the Department of Ed guidance on Title I where we felt they gave districts a lot more wiggle room on supplement not supplant than we had figured they would. The fact that we can continue to – that we can take a teacher whose job would be eliminated and move the..., the district who brought this up to me. They want – they had an English teacher at the high school level who they had an undersubscribed classes. So they weren’t gonna be able to keep that English teacher on. So now under the allowance of the guidance they’re gonna take that and move it, move that teacher down to the elementary school level to work as a reading master teacher, a literacy master teacher with a bunch of Title I elementary schools. Now that person’s job may not be saved beyond two years, but at least it was saved for two years.

So I think there’s a little bit more wiggle room. I think the expectation of service is much more concerning in IDEA where we can be held liable for creating an expectation of services. I think it’s much easier in Title I to create some services now and then have to cut back in two years if that money is not there. It’s the special ed side where there is a right of services for kids that creates a little bit more of a problem for districts in the supplement not supplant area.

Jack Jennings: Deborah, did you...?

Deborah Rigsby: Sure. I’ll just speak to districts in a number of states, actually about 15 states they have another layer of government authority before funding actually reaches them. We have about 8 to 15 states where all districts, for example in Virginia, their budget
authority or fiscal authority is really governed by the county or municipal government. So you might have a reduction of funding, a restructure, whatever interpreted at the state level. Then you have the next layer at the local level before it reaches the district.

And the problem there is the district doesn’t know its allocation for sure. Doesn’t really know again, because the time we deal with people who are great in terms of fiscal authority and budgetary authority for other types of government services but not for schools saying, “Gee, this could reduce the formula in some other way.” And the question with regard to maintenance of effort for IDEA is growing.

We’re learning from a number of our state associations that increasingly the number of districts that may have been categorized in terms of needs assistance or needs intervention is not as severe as, you know needs substantial intervention or improvement, are in these lesser categories. And for whatever reason, the ability of a district as perhaps a major employer in its community to address the staff retention needs and the major issues about employability versus reform is gonna be severely restricted if something isn’t done or the department doesn’t intervene to try to address the maintenance of effort issue. So.


Erin Caffrey: Hi. My name’s Erin Caffery and I work at CRS. I just had a quick presentation question for either Mary or Jeff because you both mentioned it. And it goes back to that 50 percent IDEA LEA flexibility issue. And about why LEAs may not be able to take advantage of it both because of ED’s interpretation and because of the accountability issues attached to it. So I was wondering if you were referring to specifically the accountability in section 616 of IDEA or if there were supplemental accountability things in the stimulus that would prohibit them in your view.

Mary Kusler: No, it’s actually – this all goes back to underlying IDEA law. None of this is within the stimulus. All of this goes back to IDEA and IDEA 2004. There was a provision that has been in there actually within IDEA prior to that as well. It was just the flexibility was expanded in IDEA 2004. But the performance measures were greatly altered in IDEA 2004 and the states have been struggling with the implementation of those performance measures. And this is really the first substantial increase. I mean back in the early 2000s we were seeing a billion here, two billion
there for IDEA. But since IDEA 2004 this is by far the first increase we’ve ever seen over a billion dollars since then. So this is really the first opportunity that districts have ever had to utilize this flexibility. And so that’s why I think that we’re seeing it being kind of playing out for the first time right now.

Jeff Simering:

Well, and the other thing is being from CRS you would probably know that in many instances the committees don’t really have a full understanding of the accountability and performance measures that the Department of Education implements. You can look back to the most recent Perkins reauthorization where nobody knew what the hell was going on out in the states and what the department was requiring.

It’s pretty much the same thing because the department created this focused monitoring system. So now we have a penalty in effect, a financial penalty with regard to the maintenance of effort that is now being looked at on a system that nobody really understands, was created by the department, is across the 50 states is like AYP and standards. It’s completely different from one place to the other. So you’ve got some states where virtually all the districts are not meeting performance standards. And in some states where they’re more lenient about it. Most of the districts are meeting performance standards. And this is gonna overlay the budgetary situation here. And then there’s another issue – that’s 616F.

There’s another issue with regard to early intervention and the interaction between 616 – 613F and the maintenance of effort provision that is also going to have an impact on whether districts can do this. And potentially have a chilling effect on early intervening services and RTI. So if you guys get thrown the ball to analyze this this is a pretty complex issue.

Jack Jennings:

Jane?

Jane West:

Thank you. Jane West of the American Association of Colleges for Teacher Education. I would like to know if anyone is hearing or seeing activity around partnerships with higher education. There are three specific areas where I think partnerships would be beneficial. The first is in the area of Data Systems. Schools and colleges of education have been very eager to receive student performance data and other data from their states in an effort to follow their graduates. The schools would like to look at retention rates and student performance data of their graduates. Colleges of Education are consistently knocking on the door; however the information being sought just doesn’t seem to show up. So I
wonder if anyone has heard anything about developing data systems that link back to preparation.

Another area is teacher quality and teacher effectiveness. There are many opportunities to use stimulus funds in partnership with higher education here, for example, with IDEA funds a district could work with a university partner to provide professional development around RTI or positive behavior supports. There are many ways to invest that could leave a lasting impact and not require a spending trajectory after the stimulus funds are gone.

Third, is the area of turning around low performing schools. There are a number of strong partnerships between colleges of education and urban school districts that are examples -- Newark School District and Montclair State University; Long Beach Unified School District and Cal State at Long Beach, California. These partnerships have achieved dramatic results in turning around low performing schools. I wonder if there are any higher education connections that you are hearing about or are aware of.

*Deborah Rigsby:* I only know of a couple. The first that comes to mind, Columbia Teachers College, with teacher quality issues. And the second is where I understand in Kentucky officials want to operate as a consortium to really access the race to the top fund. And deal with the interoperability reciprocity issue with data systems.

*Gene Wilhoit:* We’re hearing a lot of conversation around bringing two systems together. Dane may want to talk about the role of governors enforcing the good work here. Those two systems to come together after a long history of separation. But it is coming together around data systems. That the next wave of development of state data basis. It will be connecting the higher education system to the K12 system. And some of these states are talking about doing this during this next two to three year cycle. And I would – at the moment there are less than half the states that are well into that process, but there are commitments from the others to move forward. So I see that coming together.

Under the teacher issue, the issues are really around – a lot of people are expressing frustration about the lack of cooperation. But we’re beginning to see some very positive models come forward. And I think where we’ll see some developments immediately around performance based systems replacing what most people today agree are inadequate measures. Not only in terms of entry into the profession, which would affect certification processes, but also as one goes through a career.
We’re seeing lots of pressure on the states to figure out better recruitment and entry level upgrades. And it’s clear to me that the traditional pattern of getting into the profession is going to be severely challenged in the next few years. It’s gonna move to a model of multiple pathways which puts tremendous pressure on the state to ensure that regardless of the pathway there’s a guarantee to the children and the parents in that school that that teacher really is qualified. So our measures of determining that now are inadequate and will be challenged.

And then finally, lots of conversation around professional development. What we call professional development. Which is an outdated enterprise frankly in public education. It’s out of alignment with contemporary practice. It puts a heavy weight on responsibility of individual teachers. In many cases it’s disconnected from the school environment and from the actual challenges that those teachers are facing. It doesn’t recognize some of the methodologies of how a high performing work environment is carried out. And there are gonna be very serious conversations around higher education and K12 can work together to redesign their systems.

Jack Jennings: Go ahead Dane.

Dane Linn: Just to add, Gene, on the two points around teacher effectiveness and low performing schools. You can go to our website, NGA.org. We are actually working with six states on both issues. So a total of 12 states. And one of the conditions that we place upon that states that we’re working with is that they really had to bring to the table the stimulus funds. How are they going to leverage the stimulus funds to build a statewide system of – more importantly measuring teacher effectiveness, which includes the professional development piece. And by teacher effectiveness I don’t simply mean let’s determine how effective a teacher is and whether or not student achievement or test scores are the sole basis for which we measure teacher effectives.

The low performing schools we have Governor Barber who just passed, signed legislation last week. And they’re thinking down in Mississippi about how they’re gonna leverage the stimulus funds to turn around a chronically low performing schools. And that’s where our work is focused. It’s not focused on all the low performing schools. I think at the bottom – the bottom 5 percent. And the chronically ones and really turn those around and help
them be examples for the other low performing schools across the state.

Outside the realm of your question but pertinent to post secondary education, there’s a real interest, there’s a real concern among governors about the rising cost of tuition. And what’s that doing to access. And so whether or not states are really gonna be able to use some of these stimulus funds to reduce tuition costs, I’m not sure I think that’s possible. But I do think that’s a huge issue that’s one the table for our constituency. Especially the more we’re talking about increasing readiness rates. And trying to increase readiness rates, well what do you do with those students? But we can’t close the door on them simply because they can’t afford it.

**Jack Jennings:** And we have the last two or three questions.

**Audience Member:** And my question is in relation to the planning of how the stimulus package will be implemented across the different states. Earlier you mentioned that some states are looking at individuals, I don’t know if they’re periphery groups or different stakeholder groups. So I was really wondering if you could say a bit more into who the states are engaging in this process. I know that in past efforts states like North Carolina and (inaudible) have utilized outside groups in a very successful manner for their reform efforts. And I wondered (inaudible) and how that’s affecting, at least what they’re putting on the table right now.

**Dane Linn:** So earlier, when I gave my opening remarks I pointed to a couple of examples where going back to Alabama where they’re really bringing the business, the private sector, classroom teachers, principals, parents. I mean there are a range of stakeholders that have been part of discussions in several states. To the extent, and I don’t think we know because we only have states that have – eight states that have submitted their stabilization applications. I think it will be interesting to see to what extent the recommendation from the Massachusetts task force actually played a role in where they’re gonna spend their money, not just on stabilization.

So I think that’s the real question you’re asking. How do we know the input is actually being taken and not just considered, but actually they’re actually gonna address some of those concerns as they determine where to spend the funds. And I don’t think we know yet. I just don’t think we have enough information on where those dollars are gonna be spent. At least those are (inaudible) state level.
Jack Jennings: Any last questions? Well, I want to thank the presenters very much. Our intent –

[Clapping]

Our intent was to have a conversation about where the stabilization or where the stimulus funds were being spent and might be spent. And also to have the beginning conversation about what affect this may have in the longer run on the federal role in education. So I think the conversation has been very good in that regard. But I also think what happened is that it seemed to me that there – this turned into a forum where local school districts and educators wanted to express some frustrations to state people about how things are being implemented. But I think state and local people want to express some frustration to the US Department of Education about how this program is being administered.

And so I hope the people from the US Department of Education are able to bring back to the department some of the concerns that have been raised. Because it would be helpful to have some of these concerns addressed early on, rather than six months from now regret that some action wasn’t taken earlier. Things are still in the evolving stage and things can be done now to avoid some problems later.

So in that spirit I want to thank everybody for their contribution. And possibly we should do this in six months again and see where things are. And whether what we said today turned out to be true or not true or whether there’s a different set of problems or a different set of opportunities. So thank you again for your participation.

[Clapping]

[End of Audio]