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Federal and State Education Reforms To Hit a Budget Wall in Many States, CEP Report Finds

*Momentum is strongest on raising standards and creating data systems;
Progress is slower around new assessments, teacher evaluation systems*

WASHINGTON, D.C. – Feb. 17, 2011 – Federal stimulus funds have helped states build momentum for common school reform agendas, though state budget woes threaten to stall that progress, a new analysis by the Center on Education Policy (CEP) finds.

The American Recovery and Reinvestment Act of 2009 (ARRA) gave states a one-time infusion of \$100 billion to help avert teacher layoffs, stabilize education budgets and encourage education reforms that raise student performance. While the new CEP report finds that overall progress bodes well for change, trends suggest that state education budgets and staffing in many states may be insufficient, at least through 2011, to fully implement many critical ARRA reform activities, delaying them until 2012 or later.

The report, *More to Do, But Less Capacity To Do It: States' Progress in Implementing the Recovery Act Education Reforms*, details the anonymous survey results from 42 states and the District of Columbia (counted as a state in response tallies). The survey sought to learn more about state plans and progress around ARRA reforms, the influence of ARRA's Race to the Top program, and the capacity of states to carry out stimulus-related reforms.

"States have tried to put major reform efforts on a fast track, but it is getting difficult for many of them to maintain momentum," said Jack Jennings, CEP's president and CEO. "While their commitment remains strong, budgets are stressed and states must prioritize, especially with federal stimulus funds drying up and most states predicting reduced or flat funding in the coming fiscal year."

Many of the reform strategies that states report they are on track to implement will require funding, but it is not clear if state budgets will be able to provide the necessary resources. Thirty-seven states reported that their funding for K-12 education decreased by 5 percent or more or remained flat in fiscal 2011 compared with the previous year. Meanwhile, 36 states expect declining or stagnant K-12 budgets in fiscal 2012. The fiscal outlook is equally challenging for state education agencies, which must lead ARRA implementation. Twenty-three states projected decreases of 5 percent or more in their state education agency operating budgets for 2011 and six states project that those budgets will be flat.

To receive federal stabilization funds, ARRA called on states to target four areas of education reform: developing and implementing rigorous standards and quality assessments; establishing data systems that track students through their school careers; improving teacher effectiveness and equitable distribution of qualified teachers; and providing support to turn around the lowest-performing schools.

States report that they are acting sooner and making greater progress in some ARRA reform areas than others. For example, 36 states are rolling out student data systems that assign a unique identifier for each student. Twenty-two states are rolling out internationally benchmarked standards in math and 20 states are doing so in English language arts. By contrast, strategies related to teacher and leader effectiveness are not as far along. Of the 40 states that plan to create teacher evaluation systems based on student achievement gains, 38 are in planning and development, four are in pilot testing, and two are in the roll-out phase.

Activity is also mixed on strategies to turn around low-performing schools. The survey found that 19 states are in the roll-out stage of developing and disseminating guidance on school intervention models and 13 states are starting to provide information on best practices for low-performing schools. Many states, however, do not plan to take action on other related strategies. For example, 13 states do not plan to help school districts identify and recruit highly effective teachers or principals.

“Fewer states may be mounting state strategies to improve low-performing schools because some states may have a tradition of local control that limits state involvement in local decisions,” Jennings said.

The survey also asked states that won federal Race to the Top grants and those that did not about the extent to which the Race to the Top application process stimulated their school reform efforts. While all 11 grant winners in the survey reported, as expected, that they will implement the plan in their Race to the Top application, 16 of the 32 states surveyed that did not win Race to the Top grants still intend to use their grant application as their state reform plan – though their progress is expected to be slower than that of the grant winners. Twelve of the 32 survey states that were not Race to the Top winners are reviewing strategies for moving forward on the efforts described in their application.

“It is good to have reform objectives and to focus federal and state attention on those, but states and local school districts must have the capacity and means to carry out those goals,” Jennings said. “Only a handful of states believe they have the expertise, staffing levels, and funding to carry out key stimulus activities. Creating that capacity may be states’ biggest challenge in the coming years.”

The full report is available online at www.cep-dc.org.

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Based in Washington, D.C., and founded in 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 special interests. Instead, it helps citizens make sense of conflicting opinions and perceptions about public education and create conditions that will lead to better public schools.