

Concerns Raised About Impact of Stimulus on Equity

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While the nearly \$100 billion in federal economic-stimulus aid set aside for education has challenged school districts to turn one-time money into long-term reform, this historic influx of funding has also set the stage for long-term—and not necessarily positive—consequences.

That's the verdict rendered at a two-day conference this week put on by Teachers College, Columbia University, and by the Campaign for Educational Equity, a research and advocacy organization based at the college. Researchers studying implementation of the American Recovery and Reinvestment Act, the 2009 stimulus law, reported to the attendees that stimulus funding is causing states to make structural changes in their education aid and in services they provide to disadvantaged students that will have consequences long after the money runs out.

What's more, researchers found that the stimulus aid—which included a near doubling of Title I and special education dollars—not only failed to advance the cause of disadvantaged students, but also perpetuated existing inequities.

“A lot of states used [stimulus funds] to make the distribution of money to their high-poverty districts worse,” said David Sciarra, the executive director of the Education Law Center, a Newark, N.J.-based law firm that specializes in school reform and represented plaintiffs in that state's long-running school finance lawsuit, *Abbott v. Burke*.

The reason? Since roughly \$40 billion in the stimulus program's State Fiscal Stabilization Fund was distributed through each state's primary funding formula, any existing flaws in those formulas were only exacerbated once more money poured in.

In addition, states had to maintain their own funding levels to qualify for those funds under the stimulus law, but that requirement pertained only to their main aid formulas. That provision ignored the fact that, in many states, smaller categorical funds make up the rest of total state aid, but aren't given out to school districts by a formula.

A paper by Mr. Sciarra and Danielle Farrie of the Education Law Center and Bruce Baker, of Rutgers University, points out that in Pennsylvania, for example, only 57 percent of state funding is driven through the “primary” formula. To meet federal requirements, states tended to avoid cuts in their primary formulas, but they may have significantly slashed funding to other programs—ones that could be targeting low-income, minority, and other categories of children deemed to have particular needs.

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Special Education, Title I

Other pots of stimulus funding also may be setting states and districts up for longer-term consequences, the researchers found. Count among those the additional \$12 billion in special education aid.

Because of a quirk in the federal Individuals with Disabilities Education Act, states and school districts (with some exceptions) are able to lower their own funding levels for special education by half of any increase they receive in new federal aid. Many states and districts took advantage of that provision in using such stimulus aid, according to a paper by Michael Rebell, Jessica Wolff, and Daniel Yaverbaum, of the Campaign for Educational Equity.

The long-term impact: Districts will have lower funding bases they'll be required to meet in the future. "This may mean significant reductions in special education spending in coming years," the paper says.

An influx of \$10 billion in Title I funds for disadvantaged students may also be creating long-term problems.

Because the money had to be spent relatively quickly, many school districts—including New York City and Clark County, Nev., in Las Vegas—used such aid to expand services by changing the poverty threshold to make more students eligible. While in the short term that strategy carries benefits, researchers point out that there will be a downside when the money runs out.

"Do you cut off the new schools or lower [the amount of money] for everyone?" asked Ms. Wolff, one of the researchers.

Researchers also found that because of flexibility built into the Title I program for schools with a high percentage of low-income students, many districts used their Title I money on programs and teaching jobs that may not directly benefit the students most at risk of academic failure. The paper didn't cite specific examples, but did say the practice occurred in most of the 20 states the authors surveyed.

Overall, the researchers found that many states and school districts—cash-strapped because of a terrible economy—took advantage of loopholes and flexibility built into the stimulus law and other laws to try to maintain the status quo.

"Every state has come up with its own games," said Mr. Baker, of Rutgers.

As a condition of receiving fiscal-stabilization funding, states had to assure that they would make progress in four education improvement areas outlined in the stimulus law: improving low-performing schools, data systems, academic standards, and teacher effectiveness and distribution. But the Campaign for Educational Equity researchers found that hasn't happened in practice.

Their paper concludes: "Our stark finding was that no state in fact reserved any of its [stabilization] funding for new initiatives in the four reform areas."