

STIMULUS UPDATE #3: EDUCATION FUNDING SEEKS TO EXPAND AND REFORM PROGRAMS

The stimulus bill includes \$52 billion in federal funding for education programs and financial aid for college students. Oklahoma can expect to receive over \$425 million in educational aid for children and students from birth through college. Most of this aid is one-time funding that will expand and reform education programs. In Oklahoma, most of the funds will be spent by over 500 local school districts, but several state departments and non-profit agencies have roles, along with college students who will receive additional financial aid.

I. EDUCATION AND THE STIMULUS PROGRAM

Investing in effective education is fundamental to economic and social progress. From preschool through trade school or graduate school, education serves to expand opportunity for all families, to support upward mobility, and to create a competitive work force.

The American Recovery and Reinvestment Act, (ARRA, or the stimulus program) is designed to help the nation arrest and recover from the current economic downturn and to create and maintain jobs. Education is an appropriate stimulus tool because:

- The recession has reduced state and local funds available for education. Additional federal funding helps school systems maintain and improve current programs, averting teacher layoffs and budget cuts;
- Education is a long-term investment. Added spending today can pay off tomorrow in terms of greater equality, higher educational achievement for all children and adults, and reduced costs for law enforcement and public assistance.

The stimulus adds \$52 billion in federal education funding. The federal government hopes to use the stimulus to drive education reform efforts. Most ARRA education programs require state and local education agencies to use the funds to:

- Improve standards and assessments to ensure students are ready for college and careers;
- Establish data systems that track a student's progress from kindergarten through college;
- Improve teacher effectiveness and distribute effective teachers across all schools and districts; and
- Intervene in the schools most in need of improvement.

These requirements are intended to provide better education for at-risk students and reduce differences in achievement gaps between schools, school districts, and students.

In addition to the programs described in this brief, the stimulus

includes \$39.5 billion nationally and \$473 million in Oklahoma for the education component of the State Fiscal Stabilization Fund. We described this funding, which helps states support schools and teachers through the recession, in our Stimulus Update #1, available at <http://www.okpolicy.org/stimulus>.

The stimulus provides a particular challenge to state and local education agencies because it is intended to supplement current funding, but will be available only through September 2011. School leaders therefore must find ways to meet the programs' goals without becoming dependent on a short-term source of revenue.

Figure 1 shows who is eligible to spend ARRA education funding. The graph shows the Oklahoma share of funding, where it has been determined. School districts will receive approximately two-thirds of money that has been allocated. Future allocations will go mainly to students, non-profit providers of early childhood education, and the State Department of Education. Oklahoma will receive additional funding through grants that are awarded competitively (to the best applicants) and additional aid is to college students.

Figure 1--Education Program Allocations by Recipient

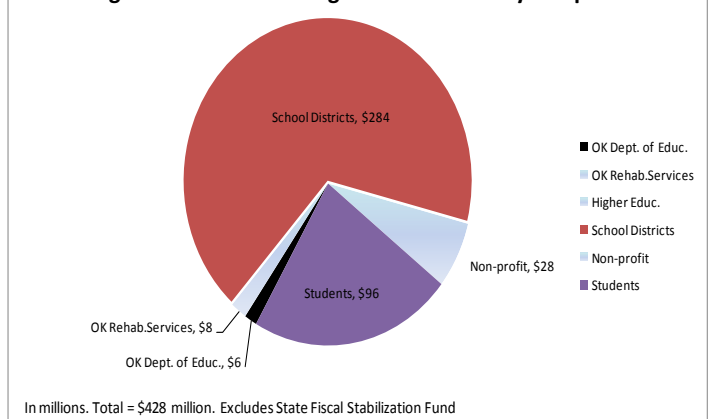
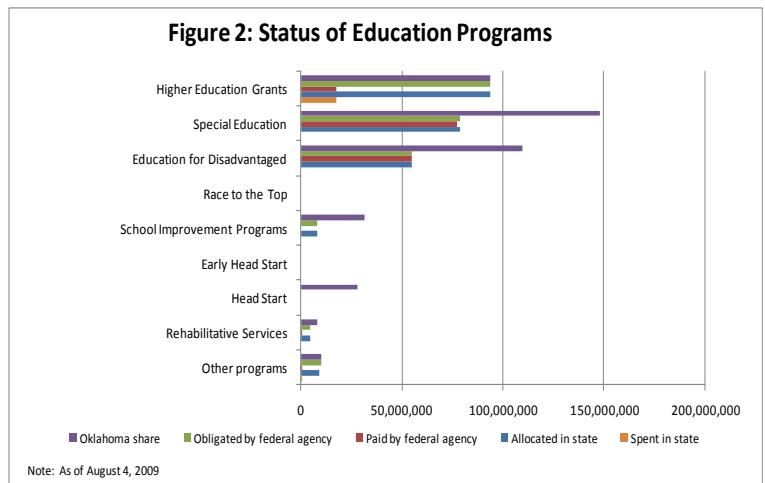


Figure 2 summarizes the status of stimulus education programs in Oklahoma.

- “Oklahoma share” is the amount that will be spent in Oklahoma, as announced so far by federal agencies.
- “Obligated by federal agency” means the state has met major program requirements and the agency has set money aside.
- “Paid by federal agency” means money has been sent to the state or other grantee.
- “Allocated in state” means funds have been set aside for specific projects.
- “Spent in state” means funds have been paid for finished work.



II. PROGRAM SUMMARY

The \$51.7 billion in education projects make up approximately six percent of ARRA funding. Approximately \$428 million in ARRA education funding has been allocated for Oklahoma to date. Oklahoma will receive additional money through higher education grants and preschool through grade 12 programs that are not yet allocated.

Table 1 summarizes the stimulus education programs, listed in order from the highest to lowest total cost. “Formula grants” go to all qualifying local or state agencies at an amount determined by a formula set by Congress. “Competitive grants” are awarded only to those entities with the strongest applications. Detailed program information at the national level is available from the U.S. Department of Education at <http://www.ed.gov/policy/gen/leg/recovery/programs.html>. State education stimulus information is available at <http://sde.state.ok.us/Finance/Recovery/default.html>.

Table 1—ARRA Education Program Description and Status Report			
Program funding (US/Oklahoma, in millions) and overview	Qualifying for funds	Is the money being spent?	How is the money being spent?
<p>Higher Education (Pell) Grants (\$17,200/\$93 to date)</p> <p>ARRA increases the maximum award for Pell Grants from \$4,731 to \$5,350 in 2009-2010 to help college students meet the rising costs of higher education.</p>	<p>Students submit the Free Application for Federal Student Aid (FAFSA) to be considered for Pell grants. Grant amounts depend on the cost of attending school and the family’s estimated ability to contribute.</p>	<p>The U.S. Department of Education (ED) has allocated approximately one-half of the available Pell Grant funding. Oklahoma students are expected to receive \$93.4 million of this allocation.</p>	<p>Grants help students pay costs of attending the school of their choice. This year’s maximum Pell Grant pays approximately 34 percent of the total cost to attend a four-year state research university in Oklahoma.</p>
<p>IDEA Special Education (\$12,200/\$158)</p> <p>\$11.3 billion is for special education for ages 3-21 under Part B of the Individuals with Disabilities Education Act (IDEA).</p> <p>\$400 million is for IDEA Part B grants to preschools and \$500 million is for IDEA Part C grants for services to 0-2 year olds.</p>	<p>Formula grants to states are based on the number of children receiving special education. No state match is required. Except preschool funding, all money must be sent to school districts.</p>	<p>ED has released half the special education funding to states and Oklahoma has sent funds to school districts. Remaining funds will be available Oct. 1, 2009. Funds must be obligated by Sept. 30, 2011.</p>	<p>School districts use money to fund special education and other services for disabled children, including early intervention, teacher training, assistive technologies, data collection, and job placement.</p>
<p>Title I Education for the Disadvantaged (\$10,000/\$110)</p> <p>ARRA increases funding for the main federal education program, Title I of the No Child Left Behind Act of 2001. School districts receive funds by a formula that considers how many poor children they serve.</p>	<p>Funding flows through state education agencies, which must reserve four percent for schools needing improvement and may reserve funding for state administration.</p>	<p>ED has released half the Title I funding to states and Oklahoma has sent funds to school districts. Remaining funds will be available Oct. 1, 2009. Funds must be obligated by Sept. 30, 2011.</p>	<p>School districts must target schools with a high proportion of poor students. Within each school, funds are targeted at students who are failing or at risk of failing. Spending may be school-wide in some cases.</p>

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Table 1—ARRA Education Program Description and Status Report, continued

Program funding (US/Oklahoma, in millions) and overview	Qualifying for funds	Is the money being spent?	How is the money being spent?
Race to the Top Grants (\$4,350/unknown) Competitive grants to states to implement school reforms specified in ARRA.	States submit a status report on and plan for reform with their application and may not have laws that prevent using student achievement data to evaluate teachers and principals. States must award at least half of the funds to school districts.	The Department of Education will award grants in two rounds, one each in 2009 and 2010. States may only receive funding once. No ending date has been announced.	States may use funds to develop standards for measuring student performance, create data systems, improve teacher certification and evaluation, and turn around struggling schools.
School Improvement Programs (\$3,000/\$31) Funds are allocated to states based on the Title I formula.	States will receive funding and must send 95% to school districts with at least one school needing improvement under the No Child Left Behind Act process.	The Department of Education will award grants in Fall, 2009. States must fund the lowest-achieving schools, with greatest need, and commitment to improvement.	Grants of \$50,000 to \$500,000 per school per year for up to three years may be used for carrying out school improvement, corrective action, or restructuring.
Early Head Start (\$1,100/unknown) Competitive grants to public, private, and non-profit organizations to provide child and family development services to pregnant women and children through age 3 and training for new grantees and monitoring the program.	Funds will allow 55,000 more children nationwide to participate. Services include center- and home-based child care and family visits.	The Department of Health and Human Services (HHS) is reviewing grant applications for one-half of expansion funding.	Oklahoma's 45 early head start centers are operated by non-profit agencies, the tribes, and the University of Oklahoma. Funds will expand many of these centers and may add new ones.
Head Start (\$1,000/\$28) \$476 million for 4.9 percent cost-of-living adjustment and quality improvements for current Head Start providers. Competitive grants to expand capacity of current providers by 16,000 children and formula grants to states to establish early childhood advisory councils.	Head Start providers offer comprehensive child development services for children from age 3 to kindergarten.	HHS expects to award funds for cost-of-living, quality improvements, and one-half of capacity expansion grants in the summer of 2009. State advisory grants will be awarded starting in July.	Oklahoma has 36 providers of Head Start services, including tribal programs.
Rehabilitative Services (\$680/\$8) \$540 million in formula grants to states for vocational rehabilitation (\$7.6 million Oklahoma). \$140 million in formula grants to states for programs to support disabled individuals living independently.	Grants to states are based on population and income. No match is required for the vocational rehabilitation portion, but a ten percent match is required for independent living.	ED has released half the vocational rehabilitation and all of the independent living funding to states. Remaining funds will be available Oct. 1, 2009. Funds must be obligated by Sept. 30, 2011 .	Funds are used by the Oklahoma Department of Rehabilitative Services to help prepare individuals with disabilities for employment, including job placement, counseling, and case management.

Other Education Programs in ARRA

ARRA also provides \$2.2 billion nationally for these programs:

- Education technology formula grants to states (\$7.1 million in Oklahoma) to use technology in teaching and increase technological literacy;
- Competitive Investing in Innovation grants to local education providers to “scale up” and duplicate programs that have raised student achievement
- Competitive grants to states for creating systems to track student data from preschool through higher education;
- Competitive grants to schools to reward principals and teachers for higher student performance;
- New work study positions for college students with financial need to work on campus (\$2.1 million in Oklahoma);
- Impact aid formula grants to school districts affected by children on military bases and tribal lands (four in Oklahoma);
- Competitive grants to states to improve teacher education in colleges and to reform teacher licensing practices; and
- Formula grants to school districts (\$786,074 for Oklahoma) to serve homeless children.

STIMULUS RESOURCES

OK Policy stimulus updates each cover a different policy area or stimulus issue. See our web page, <http://www.okpolicy.org/stimulus>.

Federal stimulus information is available at <http://www.recovery.gov>.

View state information at <http://www.recovery.ok.gov>.

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