

**Strained Schools
Face Bleak Future**

Districts Foresee Budget Cuts, Teacher Layoffs, and a Slowing of Education Reform Efforts

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Introduction and Key Findings

Many school districts had to cope with shrinking budgets this past school year, but the effects of these cuts were cushioned to some extent by the availability of federal economic stimulus money. In 2009 and 2010, school districts received about \$80 billion from the American Recovery and Reinvestment Act of 2009 (ARRA). These funds were intended to stave off teacher layoffs, stabilize declining state and local education budgets, and blunt other negative effects of the economic downturn for schools. In the summer of 2010, districts received an additional \$10 billion through the Education Jobs legislation to save or create education jobs for school year 2010-11.

Now that the ARRA and Education Jobs funds are nearly depleted, what do school districts expect their budgets to look like for school year 2011-12? This report by the Center on Education Policy (CEP), an independent non-profit organization, describes the fiscal condition of school districts for school year 2010-11 and the anticipated fiscal condition for school year 2011-12, the extent to which ARRA and Education Jobs funds are making up for funding shortfalls, and the types of cuts being made to balance district budgets. Our data were drawn from responses to a survey administered to a nationally representative sample of school districts in the winter and spring of 2011. This is the second CEP report on the financial status of school districts and their implementation of ARRA; the first was released in July 2010. Two other CEP reports have addressed state fiscal conditions and state ARRA implementation.

Seven key findings are evident from the district survey data:

- **A grim situation is expected to worsen in the coming school year.** A large majority of all school districts, about 70%, experienced funding cuts in school year 2010-11. An even greater proportion of districts, about 84%, anticipate funding cuts in school year 2011-12.
- **Districts are compensating by cutting jobs.** About 85% of the districts with funding decreases in school year 2010-11 cut jobs for teachers or other staff. Approximately 61% of the districts that anticipate funding shortfalls for school year 2011-12 have plans to cut staff, but this percentage could go higher because at the time of our survey, many districts had not yet decided where to cut.
- **No type of district appears to be immune from budget reductions or staff cuts.** Shrinking budgets and cuts in education jobs have affected and will continue to affect all types of districts—city, suburban, town, and rural.
- **Funding cuts are hampering progress on school reform.** About 66% of the districts with budget shortfalls in 2010-11 responded to these cuts by either slowing progress on planned reforms or postponing or stopping reform initiatives. Slightly more than half (roughly 54%) of the districts that anticipate shortfalls in 2011-12 expect to slow progress on reforms or postpone or stop reform initiatives.
- **Most districts have reached the dreaded “funding cliff” with no ARRA funds left to help ease funding shortfalls in school year 2011-12.** ARRA and Education Jobs funds have helped to cushion some of the shortfalls in district budgets, but most districts have exhausted these funds. Less than one-third (about 30%) of the nation’s school districts expect to have *any* ARRA funds available for school year 2011-12.
- **Most of the districts that received extra funds through ARRA for the federal Title I and Individuals with Disabilities Education Act (IDEA) programs used at least some of these funds to save or create teaching or other staff jobs.** Roughly 69% of districts that received ARRA Title I funds and about 83% of districts that received ARRA IDEA funds used a portion of these funds to save or create jobs. A majority of the districts that received ARRA Title I or IDEA funds also used these monies for staff professional development and for supplies and equipment.

- **Districts believe they are better off for having received ARRA and Education Jobs funding.** About 89% of districts that received any ARRA or Education Jobs funds indicated they are better off for having received those funds than they otherwise would have been.

Background on the CEP District Survey

Our survey of school districts was administered from February through May of 2011. The survey was developed, administered, and analyzed with support from Policy Studies Associates (PSA), our contractor for this project. Survey respondents included district superintendents, chief financial officers, federal program directors, research directors, and other district-level administrators. Surveys were sent to a random, nationally representative sample of 955 districts. Because we are aware of the many data requests that school districts receive and because of our prior experience with surveying school districts, we determined that a large sample size was needed so we could achieve our goal of having enough responses to obtain certain confidence interval sizes. (Confidence intervals are a statistical tool that provides information about the accuracy of our generalizations from the survey to all public school districts.) We met our response target, with a nationally representative sample of 457 districts responding to the survey. Because the initial sample is random and because the survey results are weighted to account for the sample stratification, the findings can be generalized to school districts across the 50 states.

In reporting the survey results and arriving at our findings, we took into account the confidence intervals for each response. In the tables and figures in this report, we have noted those instances where the differences are statistically significant in light of the confidence intervals for particular responses. Three appendices to this report, as well as the report itself, are available on CEP's Web site (www.cep-dc.org). Appendix 1 provides a fuller explanation of confidence intervals and how they may be used to interpret the data in the report. Appendix 2 contains more detailed information about the methods used to conduct our study, and appendix 3 shows the specific confidence intervals for the survey responses in the figures and tables in this report.

Many of the survey questions discussed in this report were asked only of the subset of districts that had funding decreases in a particular year *and* in which ARRA and/or Education Jobs funds did not compensate for all or nearly all of these decreases. This was the case for the questions discussed in sections 4 through 6 and tables 1 through 6 of this report. For simplicity's sake, we have referred to this subset of districts in the narrative part of sections 4 through 6 as "districts with funding decreases," while clarifying in the matter beneath the tables that these were districts in which funding decreases were not wholly or mostly covered by ARRA and/or Education Jobs funds.

1. Fiscal Condition of School Districts

- **School districts continue to face grim funding situations. An even greater percentage of districts expect funding decreases in school year 2011-12 than in 2010-11.**

Last year we reported that more than two-thirds of the nation's school districts received less funding for school year 2009-10 than for the previous year, excluding ARRA monies. This year's survey confirms that the situation did not improve in 2010-11 and does not promise to get any better in 2011-12, as shown in **figure 1**.

Approximately 70% of the nation's school districts received less funding in school year 2010-11 than they did in school year 2009-10, excluding ARRA and Education Jobs funds. (This is consistent with districts' projections in our survey last year; at that time, 68% of districts expected their funding to decrease in 2010-11.) In most of the districts with 2010-11 budget shortfalls (or in approximately 46% of all school districts), these decreases amounted to 5% or more of the district's budget.

In about 19% of all districts, funding levels for 2010-11 remained about the same as in the previous year. Only about 11% of districts experienced a funding increase in 2010-11.

Figure 1. Percentage of the nation's districts with funding decreases or increases, excluding ARRA and Education Jobs funds

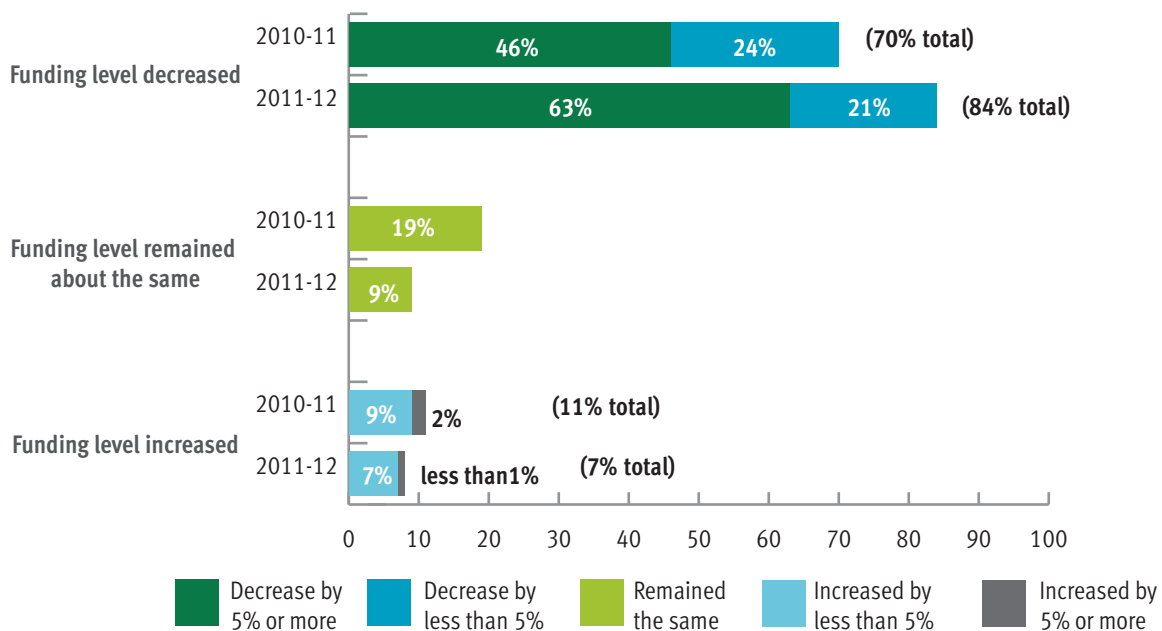


Figure reads: In an estimated 70% of the nation's school districts, funding for elementary and secondary education (excluding ARRA and/or Education Jobs funds) decreased in school year 2010-11 compared with 2009-10. This total includes the 46% of all districts with a funding decrease of 5% or more and the 24% of districts with a decrease of less than 5%. About 84% of all school districts expect funding for school year 2011-12 to decrease compared with 2010-11.

Note: In this figure, if the difference between two estimates is 6% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this figure can be found at www.cep-dc.org in the technical appendix for this report.

An even greater proportion of the nation's school districts—84%—anticipate funding cuts in school year 2011-12 compared with 2010-11, also shown in figure 1. Nearly two-thirds (63%) of all districts expect budget reductions of 5% or more. Only about 7% of districts anticipate any funding increase, and less than 1% expect an increase of 5% or more.

- **Shrinking budgets are a problem for all types of districts—city, suburban, town, and rural.**

Two-thirds or more of districts of all types experienced funding decreases in school year 2010-11 compared with 2009-10. Eighty percent or more of districts of all types anticipate budget decreases in 2011-12 compared with 2010-11.

The percentages of districts with decreases, stable funding, or increases do not differ significantly by district type, with one exception. The only significant difference is that a greater proportion of suburban districts (about 20%) than town districts (4%) had funding increases in school year 2010-11.

2. Availability of ARRA Funds

- **Most districts are at the edge of a “funding cliff”—meaning they have no federal ARRA funds left to help cushion budget declines in school year 2011-12.**

Funds under the various ARRA programs and funding streams¹ were distributed to states and school districts at different points during 2009, 2010, and 2011. Nearly all school districts received some ARRA money. In school year 2009-10, virtually all of the nation’s school districts had funds available from one or more ARRA programs, as shown in **figure 2**. In school year 2010-11, about 94% of districts had funds from one or more ARRA programs.

At this point, however, most districts have already spent or will soon exhaust their ARRA funds. States and districts are required to obligate State Fiscal Stabilization Funds (SFSF), which is the largest source of ARRA funding for elementary and secondary education, by September 30, 2011. According to data from the U.S. Department of Education, only about \$15 billion of the total ARRA education appropriation, or roughly 15% of the obligated funds, remains available for expenditure.²

Consistent with this deadline, less than one-third (about 30%) of the nation’s districts expect to have *any* funds available from any of the ARRA funding streams for use in school year 2011-12, as shown in figure 2.

Figure 2. Percentage of all school districts with funds available under one or more ARRA programs for school years 2009-10, 2010-11, and 2011-12

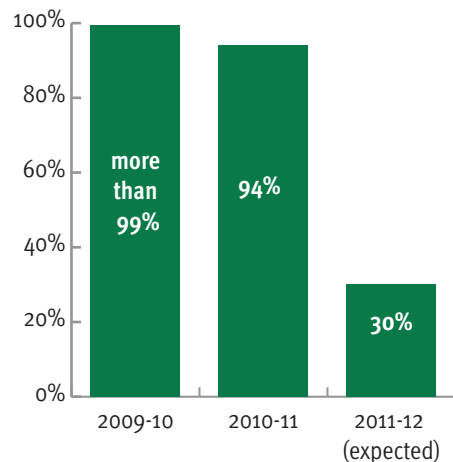


Figure reads: More than 99% of school districts had funds available from one or more ARRA programs in school year 2009-10.

Note: The differences among all of the estimates are statistically significant. Confidence intervals for the estimates in this figure can be found at www.cep-dc.org in the technical appendix for this report.

¹ These include the State Fiscal Stabilization Fund, the fiscal year 2009 supplemental appropriations for Title I and the Individuals with Disabilities Education Act, Race to the Top, Title I School Improvement Grants, the Investing in Innovation Fund, and the Teacher Incentive Fund.

² U.S. Department of Education, *Recovery and Reinvestment Act of 2009, Spending Report by State*, <http://www2.ed.gov/policy/gen/leg/recovery/spending/state.xls>, June 24, 2011.

As for the specific programs supported by ARRA, only about 10% of districts expect to have any resources from the SFSF available for school year 2011-12. Similar or smaller percentages of districts anticipate having funds left over from other ARRA programs for 2011-12.

We also looked at the percentages of various types of districts that expect to have ARRA funds remaining for school year 2011-12. Most of the differences were not significant, although we did find that a greater share of city districts than of town or rural districts anticipated having ARRA funds available for 2011-12.

3. Use of ARRA and Education Jobs Funds to Compensate for Decreases

- **ARRA and Education Jobs funds have helped to make up for decreases in district funding.**

Roughly 85% of the districts with funding decreases in school year 2010-11 (not counting ARRA or Education Jobs funds) used their ARRA and/or Education Jobs dollars to compensate for at least a portion of the shortfall. As **figure 3** indicates, about 8% of the districts that experienced funding cuts for 2010-11 used ARRA and/or Education

Figure 3. Extent to which districts with funding decreases used or expect to use ARRA and/or Education Jobs funds to compensate for the shortfall, school years 2010-11 and 2011-12

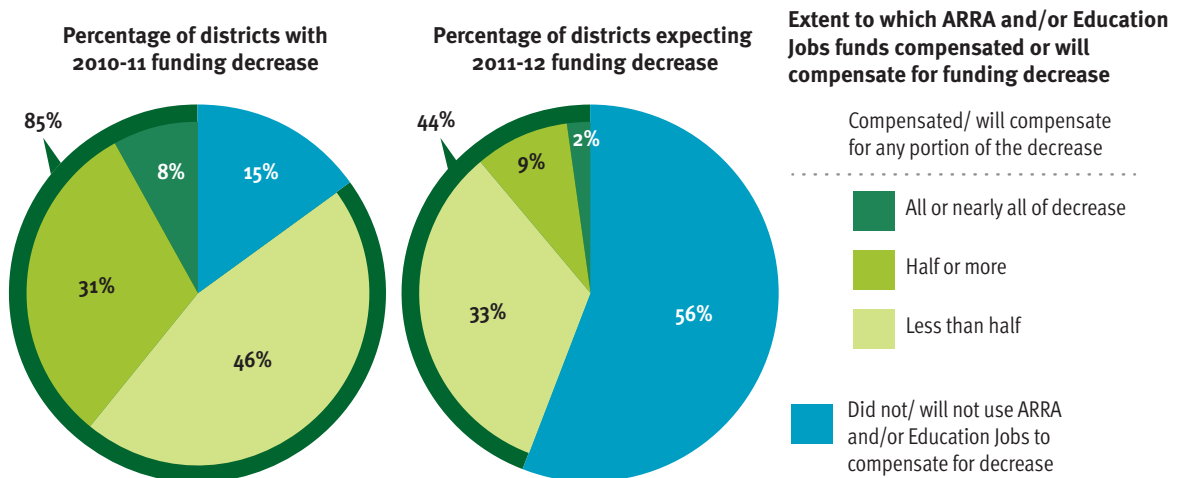


Figure reads: Approximately 85% of districts with funding decreases in school year 2010-11 used some portion of ARRA and/or Education Jobs funds to compensate for the decrease in district funding. About 15% of the districts with funding decreases did not use any ARRA or Education Jobs dollars to compensate for the decrease. Of the districts that anticipate funding decreases in school year 2011-12, about 44% expect to use some portion of ARRA and/or Education Jobs funds to compensate for this decrease.

Note: For 2010-11, the differences among all of the estimates are statistically significant, except for the difference between 8% and 15%. For 2011-12, the differences among all of the estimates are statistically significant. For comparisons of the same response option between school years, all of the differences are significant. Confidence intervals for the estimates in this figure can be found at www.cep-dc.org in the technical appendix for this report.

Jobs funds to make up for all or nearly all of the decrease, and about 31% used these funds to compensate for more than half of the decrease. In about 46% of the districts with cuts for 2010-11, ARRA and/or Education Jobs funds made up for less than half of the decrease. About 15% of districts with funding decreases in school year 2010-11 did not use any ARRA and/or Education Jobs funds to compensate for these reductions.

Of the districts that expect funding decreases in school year 2011-12, a majority (an estimated 56%) do not expect to use ARRA and/or Education Jobs funds to compensate for the shortfall—most likely because they do not have funds remaining from these sources. Eleven percent of the districts with declining budgets in 2011-12 expect ARRA and/or Education Jobs funds to make up for half or more of the anticipated decrease.

4. Cuts in Staffing and Benefits in Response to Funding Decreases

- **Cuts in teachers or other staff were a common response to decreases in district funding in school year 2010-11.**

About 85% of districts with funding decreases in 2010-11 made some type of staff cuts to compensate for shortfalls not covered by ARRA and/or Education Jobs funds, as shown in **table 1**. These staff-cutting districts constituted about 53% of *all* school districts in the U.S.

Staff cuts in 2010-11 affected teachers, administrative staff, and support staff, as indicated in table 1. About three-fourths (76%) of the districts with funding decreases in 2010-11—or about 48% of *all* districts—cut teaching staff. An estimated two-thirds (66%) of the districts with funding decreases cut administrative or support staff.

Table 1. Percentage of districts that cut teaching, administrative, and support staff in school year 2010-11

Type of staff reduction	Percentage of districts with 2010-11 funding decreases	Percentage of all districts
Cut any staff (includes teachers, school- or district-level administrative staff, and school or district support staff)	85%	53%
Cut any teaching staff (includes teachers of core academic subjects or other subject areas)	76%	48%
Cut any administrative or support staff (includes, school- or district-level administrative staff and school or district support staff)	66%	41%

Table reads: Among districts with funding decreases in school year 2010-11 that were not wholly or mostly covered by ARRA and/or Education Jobs funds, an estimated 85% cut staff to compensate for these decreases. These districts that cut staff represented an estimated 53% of all school districts in the U.S.

Note: In this table, if the difference between two estimates is 15% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this table can be found at www.cep-dc.org in the technical appendix for this report.

Table 2 provides more specific information about the types of reductions in staffing and benefits made by districts with funding decreases in 2010-11. (District officials could select all of the survey responses that applied.)

As table 2 indicates, about 68% of these districts cut teachers of subjects *other than* core academic subjects, while 54% cut teachers of core academic subjects. About 49% of these districts reduced school or district support staff, 38% cut district-level administrative staff, and 33% cut school-level administrative staff.

Districts also made other types of reductions that affected staff jobs or benefits. About 28% of districts with funding decreases in 2010-11 offered early retirements or buyouts to staff. An estimated 23% cut staff benefits, and about 15% furloughed staff.

Table 2. Percentages of districts with funding decreases in school year 2010-11 that made specific types of reductions in staff and related areas

Type of reduction or elimination	Percentage of districts with 2010-11 funding decreases
Teaching staff in subject areas other than core academic subjects	68%
Teaching staff in core academic subjects	54%
School and/or district support staff (e.g., counselors, media specialists)	49%
District-level administrative staff	38%
School-level administrative staff	33%
Early retirements and/or buy-outs	28%
Staff benefits	23%
Staff furloughs	15%

Table reads: Among districts with funding decreases in school year 2010-11 that were not wholly or mostly covered by ARRA and/or Education Jobs funds, an estimated 68% reduced teaching staff in subject areas other than core academic subjects to compensate for the decrease.

Note: In this table, if the difference between two estimates is 15% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this table can be found at www.cep-dc.org in the technical appendix for this report.

- **About three-fifths of districts anticipating declining budgets in school year 2011-12 plan to cut staff—not counting the sizeable share of these districts that were undecided about strategies to reduce spending at the time of our survey.**

Staff cuts are also looming for school year 2011-12 in districts that anticipate funding decreases that will not be wholly or mostly covered by ARRA and/or Education Jobs funds. About 61% of these districts plan to make some type of staffing cuts, as shown in **table 3**. It is noteworthy, however, that at the time of our survey, roughly 31% of these districts had not yet decided where to cut spending, so it is possible that even more districts will decide to cut staff.

Among districts that expect funding decreases in 2011-12, about 57% plan to specifically cut teaching jobs, and 50% plan to cut administrative or support staff. **Table 4** provides more details about the types of staffing cuts and

Table 3. Percentages of districts that plan to cut staff for school year 2011-12 or are undecided

Type of staff reduction	Percentage of districts anticipating 2011-12 funding decreases	Percentage of all districts
<i>No decisions about strategies have been made</i>	31%	26%
Cut any staff (includes teachers, school- or district-level administrative staff, and school or district support staff)	61%	50%
Cut any teaching staff (includes teachers of core academic subjects or other subject areas)	57%	46%
Cut any administrative or support staff (includes, school- or district-level administrative staff and school or district support staff)	50%	41%

Table reads: Of the districts that anticipate funding decreases in school year 2011-12 that will not be wholly or mostly covered by ARRA and/or Education Jobs funds, about 31% have not decided on strategies to deal with the decreases, while an estimated 61% plan to cut staff to compensate for these decreases. These staff-cutting districts represent about 50% of all school districts in the U.S.

Note: In this table, if the difference between two estimates is 14% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this table can be found at www.cep-dc.org in the technical appendix for this report.

Table 4. Percentages of districts anticipating funding decreases in school year 2011-12 that plan to make specific reductions in staff and related areas

Type of reduction or elimination	Percentage of districts anticipating 2011-12 funding decreases
<i>No decisions about strategies have been made</i>	31%
Teaching staff in subject areas other than core academic subjects	55%
Teaching staff in core academic subjects	40%
School and/or district support staff (e.g., counselors, media specialists)	39%
District-level administrative staff	29%
School-level administrative staff	27%
Early retirements and/or buy-outs	28%
Staff benefits	29%
Staff furloughs	16%

Table reads: Among districts anticipating funding decreases in school year 2011-12 that will not be wholly or mostly covered by ARRA and/or Education Jobs funds, approximately 31% have not decided on strategies to deal with the decreases, while an estimated 55% plan to cut teaching staff in subjects other than core academic subjects to compensate for these decreases.

Note: In this table, if the difference between two estimates is 13% or greater, then the difference is statistically significant. The exception is that all of the differences between the 16% and the other estimates are statistically significant. Confidence intervals for the estimates in this table can be found at www.cep-dc.org in the technical appendix for this report.

related reductions being planned by districts that expect funding decreases in 2011-12. (District officials could select all of the survey responses that applied.)

About 55% of these districts plan to cut teachers of subjects *other than* core academics, while 40% plan to cut teachers of core academic subjects. An estimated 39% of these districts expect to reduce school or district support staff, 29% intend to cut district-level administrative staff, and 27% plan to cut school-level administrative staff. Other cost-cutting strategies planned by districts that expect funding decreases in 2011-12 are reductions in staff benefits (29%), early retirements or buyouts (28%), and furloughs (16%).

- **Staff cuts have affected all types of districts—city, suburban, town, and rural.**

The proportions of districts that reduced staff to make up for funding decreases in school year 2010-11 did not differ significantly by type of district. Between half and three-fifths of all districts within each type—city, suburban, town, and rural—cut staff to compensate for funding decreases not covered by ARRA and/or Education Jobs funds. If one looks only at the subset of districts with funding decreases in school year 2010-11 that were not wholly or mostly covered by ARRA and/or Education Jobs funds, then the share of districts that cut staff still does not differ significantly by type of district. Among this latter subset of districts, roughly four-fifths or more cut staff, regardless of district type.

For school year 2011-12, there was just one significant difference among the four types of districts in the proportion of districts that plan to make staff reductions to compensate for expected decreases in funding. Among those districts that anticipate funding decreases in 2011-12, a greater proportion of suburban districts than of rural districts plan to cut staff to compensate for the decrease. Differences among other types of districts are not significant.

5. Cuts in Other Areas in Response to Funding Decreases

- **Many districts with funding decreases in 2010-11 reduced purchases of materials, equipment, and technology or cut back on professional development. Similar reductions are planned for 2011-12.**

Table 5 shows the reductions in areas other than staffing made by districts with funding decreases in 2010-11 that were not wholly or mostly covered by ARRA and/or Education Jobs funds. (District officials could select all of the responses that applied.)

Sizeable shares of these districts cut instructional materials, equipment, and/or technology (79%), professional development (56%), and facilities maintenance (50%).

In general, smaller proportions of districts with funding decreases in 2010-11 cut student activities and services. For example, about 39% of these districts reduced or eliminated student support services, about 38% reduced or eliminated extracurricular programs and activities, and just 6% cut instructional time.

Table 5. Percentages of districts with funding decreases in school year 2010-11 that made reductions in non-staffing areas

Type of reduction or elimination	Percentage of districts with 2010-11 funding decreases
Purchase of instructional materials or technology and equipment	79%
Professional development	56%
Facilities maintenance	50%
Student support services	39%
Extracurricular programs and activities	38%
Instructional time	6%

Table reads: Among districts with funding decreases in school year 2010-11 that were not wholly or mostly covered by ARRA and/or Education Jobs funds, an estimated 79% reduced their purchases of instructional materials or technology and equipment to compensate for the decrease.

Note: In this table, if the difference between two estimates is 17% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this table can be found at www.cep-dc.org in the technical appendix for this report.

Cuts in areas not related to staffing, displayed in **table 6**, are also being planned by districts that anticipate funding decreases in 2011-12. About 64% of these districts intend to reduce purchases of instructional materials, equipment, and technology. Roughly 49% are planning cuts in professional development activities, and 47% plan

Table 6. Percentages of districts anticipating funding decreases in school year 2011-12 that plan reductions in non-staffing areas

Type of reduction or elimination	Percentage of districts anticipating 2011-12 funding decreases
<i>No decisions about strategies have been made</i>	31%
Purchase of instructional materials or technology and equipment	64%
Professional development	49%
Facilities maintenance	47%
Extracurricular programs and activities	43%
Student support services	39%
Instructional time	11%

Table reads: Among districts anticipating funding decreases in school year 2011-12 that will not be wholly or mostly covered by ARRA and/or Education Jobs funds, approximately 31% have not decided on strategies to deal with the decreases, while an estimated 64% plan to reduce their purchases of instructional materials or technology and equipment to compensate for the decrease.

Note: In this table, if the difference between two estimates is 14% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this table can be found at www.cep-dc.org in the technical appendix for this report.

reductions in facilities maintenance. Cuts in student activities and services are also in the works in some districts, including reductions in or elimination of extracurricular programs and activities (43% of these districts) and student support services (39%). A smaller share (11%) of districts with projected funding decreases in 2011-12 plan to cut instructional time.

6. Impact of Budget Cuts on Education Reform

- **Cuts in elementary and secondary education spending appear to be slowing down education reforms in many districts.**

Two-thirds (66%) of the districts with funding decreases in school year 2010-11 that were not wholly or mostly offset by ARRA and/or Education Jobs funds responded to these cuts by slowing down, postponing or stopping some or all of their reforms planned for that year, as shown in **figure 4**. This includes the 49% that slowed down progress on planned reforms and the 17% that postponed or stopped reforms. In about 16% of these districts, the funding decreases for 2010-11 had little or no impact on the progress of implementing reforms. About 19% of these districts had no major reform initiatives planned for that school year.

In school year 2011-12, school reform efforts will continue to be hampered by budget problems in more than half of the districts that anticipate funding decreases not covered by ARRA and/or Education Jobs funds. About 36% of these districts plan to slow progress on education reforms, as displayed in table 10, and an estimated 18% expect to postpone or stop implementation of planned reforms. At the time of our survey, about 27% of these districts

Figure 4. Effect of funding decreases on reform plans in school districts with funding decreases for school years 2010-11 and 2011-12

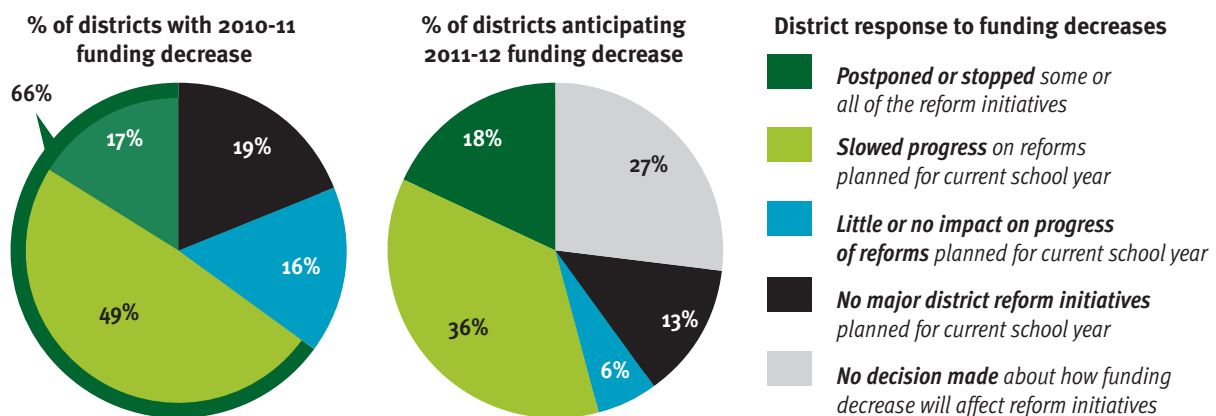


Figure reads: Of the districts with funding decreases in school year 2010-11 that were not wholly or mostly covered by ARRA/Education Jobs funds, an estimated 49% responded to the decreases by slowing progress on some or all of their reform initiatives. An estimated 18% of districts that anticipate funding decreases in school year 2011-12 plan to postpone or stop some or all of their reform initiatives.

Note: In this figure, if the difference between two estimates is 10% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this figure can be found at www.cep-dc.org in the technical appendix for this report.

had not yet decided how the anticipated funding cuts will affect education reform. Approximately 13% of these districts have no major reform initiatives planned for school year 2011-12, and 6% expect the funding cuts to have little or no impact on education reform.

7. Title I Supplemental Funding through ARRA

- **The majority of districts that received Title I, ESEA, supplemental funding through ARRA used these funds to save or create teaching jobs and provide professional development. A very large share of recipient districts also bought instructional materials, supplies, and technology with these funds.**

ARRA provided \$10 billion in supplemental funding for the Title I, ESEA program for low-achieving children in low-income areas. (ARRA also provided a separate appropriation for school improvement grants to assist low-performing Title I schools and other struggling schools; a separate CEP report will address school districts' implementation of these grants.)

Table 7 shows districts' uses of the ARRA Title I supplemental funds. About 69% of the districts that received these funds used at least a portion of the money to save or create Title I teaching jobs; about 70% used these funds to provide professional development for Title I instructional staff. An estimated 82% of recipient districts pur-

Table 7. District uses of ARRA Title I supplemental funds

Uses of funds	Percentage of recipient districts that used ARRA Title I funds for activity specified
Purchase materials and supplies or instructional hardware and software	82%
Provide professional development for Title I instructional staff	70%
Save or create Title I teaching jobs	69%
Expand Title I programs and services to serve additional students in current Title I schools	31%
Pilot test new instructional approaches	24%
Support Title I preschool programs	16%
Extend Title I programs and services to additional schools	14%
Support teacher induction programs	13%
Implement strategies (including incentive programs) for attracting effective teachers or principals to Title I schools	10%
Save or create jobs for principals in Title I schools	4%

Table reads: Among the school districts that received ARRA Title I supplemental funds, an estimated 82% used those funds to purchase materials and supplies or instructional hardware and software.

Note: In this table, if the difference between two estimates is 9% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this table can be found at www.cep-dc.org in the technical appendix for this report.

chased supplies or instructional hardware and software with their ARRA Title I supplemental grants. (District officials could select all of the responses that applied.)

Smaller proportions of districts used ARRA Title I supplemental funds to expand services to additional students in current Title I schools (31%) or to pilot new instructional approaches (24%). Other uses of the ARRA Title I supplemental resources include supporting Title I preschool programs (16% of recipient districts); expanding Title I programs and services to additional schools (14%); supporting teacher induction programs (13%); implementing strategies to attract effective teachers or principals to Title I schools (10%); and saving or creating jobs for principals in Title I schools (4%).

It is interesting to consider how the proportions of districts spending funds on various activities appear to have been influenced by guidance from the U.S. Department of Education about ARRA Title I supplemental funds.³ The Department set out four principles for use of these funds:

1. Spend funds quickly to save and create jobs.
2. Improve student achievement through school improvement and reform.
3. Report fiscal and programmatic information in order to ensure transparency and accountability.
4. Invest the one-time ARRA funds thoughtfully to minimize the “funding cliff.”

The high proportion of districts using ARRA Title I funds to save or create teaching jobs is consistent with the first principle. The high proportion of districts using funds for “one-time” purchases of materials and equipment may be a response to the fourth principle. Additionally, the relatively low proportion of districts that used these funds to expand services to new schools may also reflect the fourth principle and a general reluctance to expand services to students that might have to be retracted later or to hire more staff that might have to be let go after ARRA funding disappears.

8. IDEA Supplemental Funding through ARRA

- **A high proportion of districts that received supplemental funding for IDEA through ARRA used these funds to save or create jobs for special education teachers and staff. A sizeable majority of recipient districts also used these funds for professional development.**

ARRA made available about \$11.3 billion for the IDEA, Part B programs for children and youth with disabilities. As shown in **table 8** approximately 83% of the districts that received ARRA IDEA funds used these resources to save or create jobs for special education teachers, transition coordinators, or other special education staff. Similar to the uses of the ARRA Title I funds, a majority of recipient districts (66%) used ARRA IDEA funds for professional development for special education teachers and general education teachers to improve the achievement of students receiving services in core academic subjects. (District officials could select all of the responses that applied.)

³ U.S. Department of Education, *The American Recovery and Reinvestment Act of 2009 (ARRA): Using Title I, Part A ARRA Funds for Grants to Local Educational Agencies to Strengthen Education, Drive Reform, and Improve Results for Students*, September 2, 2009, <http://www2.ed.gov/policy/gen/leg/recovery/guidance/titlei-reform.doc>.

More than half (55%) of the districts receiving ARRA IDEA supplemental funds purchased assistive technology with this money. Smaller proportions of districts used these funds to purchase vehicles and other equipment for transporting special education students (18%); expand the availability and range of inclusive placement options for preschool students with disabilities (14%); or increase the number of special education students served (14%). The small proportion of districts choosing to expand services to more students may reflect concerns about the temporary nature of the ARRA funding.

Table 8. District uses of ARRA IDEA supplemental funds

Uses of funds	Percentage of recipient districts that used ARRA IDEA funds for activity specified
Save or create jobs (includes jobs for special education teachers, other special education staff, or transition coordinators to work with employers to facilitate job placement)	83%
Provide professional development for special education teachers and general education teachers to improve special education student achievement in core academic areas	66%
Purchase assistive technology	55%
Purchase vehicles and other equipment for transporting special education students	18%
Expand the availability and range of inclusive placement options for preschoolers with disabilities	14%
Increase the number of special education students served	14%

Table reads: An estimated 83% of the districts that received ARRA IDEA supplemental funds used these funds to save or create jobs.

Note: In this table, if the difference between two estimates is 12% or greater, then the difference is statistically significant. Confidence intervals for the estimates in this table can be found at www.cep-dc.org in the technical appendix for this report.

9. Helpfulness of ARRA and Education Jobs Funds

- **The vast majority of districts believe they are better off for having received ARRA and Education Jobs funds.**

About 89% of the districts that received any funding from ARRA and/or the Education Jobs funds believe they are better off for having received those funds than they would have been without them. As **figure 5** indicates, only 4% of these districts do not believe they are better off for having received the funds, while 7% did not know if they were better off.

Figure 5. Percentage of districts indicating whether they are better off for having received ARRA/Education Jobs funds

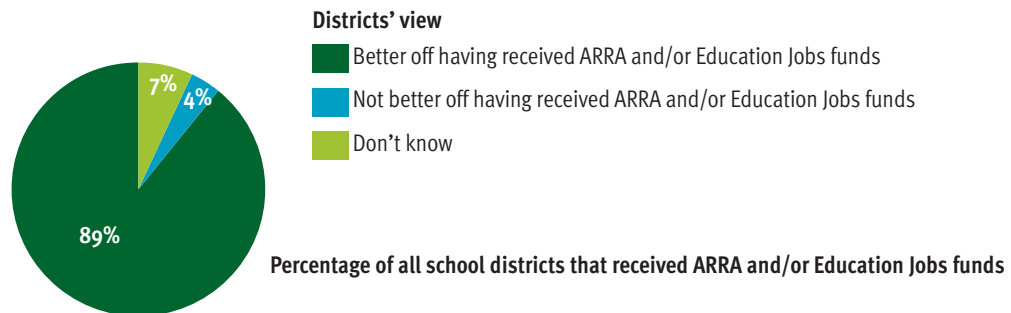


Figure reads: An estimated 89% of the districts that received ARRA and/or Education Jobs funds believe they are better off for having received these funds than they otherwise would have been.

Note: The differences between the 89% and the other estimates are statistically significant. Confidence intervals for the estimates in this figure can be found at www.cep-dc.org in the technical appendix for this report.

Conclusion

Budget problems at the federal, state, and local levels have taken a toll on elementary and secondary education. During the past school year, a large majority of school districts experienced funding decreases, according to our survey of a nationally representative sample of districts. ARRA and Education Jobs funds made up for some, though in many cases less than half, of these decreases. The situation is expected to worsen in the upcoming school year, when more than four-fifths of school districts anticipate budget decreases and few ARRA or Education Jobs funds remain to cushion the blow.

No type of school district—city, suburban, town, or rural—has been immune from declining budgets. The result is an erosion of some basic educational services. Teaching staff has been cut in about half of the nation's school districts. Many other activities have also been reduced or eliminated, such as staff professional development, purchases of instructional materials, facilities maintenance, and student services.

Education reform has been a particular victim of declining budgets in many districts. Two-thirds of districts with funding decreases have responded by either slowing progress on reform initiatives or postponing or stopping some reform initiatives altogether.

This situation has implications for the nation's future economic strength. After several years of debate, a broad consensus exists around key elements of reform, such as common state standards and assessments in core academic subjects and accountability for outcomes. But these reforms are imperiled because of funding problems. As business leaders and others have long emphasized, education reform is essential for the U.S. to remain competitive in a global economy. The federal and state governments must recognize that if deep cuts are made in education, this will stall the very actions that are most likely to boost our economic situation in the future.

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Center on Education Policy

1001 Connecticut Avenue, NW, Suite 522
Washington, D.C. 20036

tel: 202.822.8065

fax: 202.822.6008

e: cep-dc@cep-dc.org

w: www.cep-dc.org