



Southern Education Foundation
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Policy Brief

**Southern Education
And
The American Recovery and Reinvestment Act
Recommendations for Implementing Federal Funding for Education
“Improve – Don’t Maintain – the South’s Low-Achieving Schools”**

Introduction

The new federal stimulus law, the American Recovery and Reinvestment Act of 2009 (ARRA), offers Southern states a historic opportunity to improve public education, especially for low income students, from pre-kindergarten through college. In excess of \$100 billion is allocated for creating jobs and spurring economic renewal in the 15 states of the South during the next two years, and more than one-third of these funds – almost \$35 billion -- will go toward education. Never before has a federal economic recovery law recognized so boldly the central role that education plays in economic growth for states.

ARRA provides Southern states with a unique opportunity to lessen the ill-effects of the current deep recession on education and to advance the education of low income students and high-poverty schools. Low income students are a majority of the students enrolled in the South’s public schools.¹ These low

¹ See [A New Majority: Low Income Students in the South’s Public Schools](#) (Atlanta: SEF), 2007.

income students are having more difficulty than other Southern students in performing at high levels. In addition, many of the South's low-performing schools are in high-poverty districts.

The Southern Education Foundation (SEF), an institution with deep experience over 142 years and expertise in strategies to improve student learning outcomes, recommends the following three functional guidelines to interpret the intent of ARRA and to guide the use of ARRA funds by Southern states, from pre-school through college:

- Make supporting low income students the first and overriding priority
- Focus on Low Performing Schools and School Systems
- Improve – Don't Simply Maintain -- Low-Achieving Schools

Below is a section-by-section analysis of how these guiding principles can be used to optimize the long term benefits of ARRA on Southern education.

Stabilization Funds (2 Year Support -2009-2011)

The Southern states will receive approximately \$17.2 billion to help make up states' budget deficits in education funding. Based on its independent research and knowledge of best practices in education, SEF recommends the following:

- Include Pre-K funding: From either Part 1 (education funding formula distribution) or Part 2 (optional education funds) Pre-K funding should be restored in the same proportion as funding for K-12 schools. The "P" in P-12 schooling is too important to drop. ARRA makes clear that advancing pre-kindergarten access because of its lasting effects on student learning outcomes and long term success in school and life is a fundamental aim of the Act.
- Distribute funds fairly, based on need, between P-12 education and higher education: The state's education systems from pre-kindergarten through college should be seen as interconnected and seamless. The educational needs of the state in 2009 and 2010 should determine how ARRA funds are distributed across the state's educational systems.
- Maintain or restore need-based financial aid at the highest level since 2006: The ARRA increase in Pell grants for needy college students is an average of \$5,086 in Southern states. It will help low income students stay in school in these hard times, but states also need to do their part for these students from low income families, including those recently affected by the recession. As SEF's attached *Issue Brief* illustrates, even with the added funds, Pell grants for the average student are far below the average cost of a 4-year college throughout the South.

- Restore funding for two-year colleges: A majority of the low income and minority students in the South attend community colleges. Many two-year colleges will experience increased enrollments during the recession. Keeping students in two-year colleges is as important to the state as keeping them in four-year universities.
- Promote achievement for low wealth schools and students. Funds not committed to save productive programs and staff in P-12 schools or institutions of higher education should be used as an investment in promoting student achievement in local high-poverty school districts. These funds can become a state “innovation fund” for P-12 schools. Also, because of the unique mission and role of public historically Black colleges and universities in meeting the needs of low income and underserved students, SEF urges that these institutions be allocated proportionately higher levels of funds than they have received in past state budgets.

State Department of Education Funds

Title I School Improvement Funds (1 Year Support – 2009-2010):

The South’s departments of education are authorized by ARRA to withhold up to a combined total of \$161.2 million or 4 percent of the states’ Title I funding. The purpose of this set-aside is to finance the “school improvement” fund for high-poverty schools. In addition, the state education departments can withhold up to another 1 percent (a South-wide total of \$40.3 million) of all the states’ Title I funds for administrative costs.

SEF strongly recommends that the State Department of Education adopt and abide by the guidelines that follow:

- Keep authorized departmental administration expenses minimal-- far below 1 percent. These funds are needed first and foremost in schools.
- Focus all the “school improvement” funds on low income students and low performing schools as follows (in order of priority):
 1. Administer funds to the state’s failing school districts for student support, school improvement, and accountability.
 2. Invite school districts to submit applications focused on improving low-performing schools.
 3. Invite school districts to submit applications to help high schools engage the community in developing “action plans” to improve graduation rates.
- Address the South’s “rigor gap” and the corresponding need for added support for teachers and students to meet more higher learning standards. Almost all Southern states have a gap in the rigor of its state achievement tests in comparison with the National Assessment of Educational

Progress. To close the gap, states must help teachers in high poverty schools effectively teach a more rigorous curriculum and provide low income students with the support they need to learn more effectively.

Application to Receive Competitive Grants From National Improvement Funds

The US Secretary of Education will administer two new innovation funds that will distribute almost \$5 billion to states, local school districts, and non-profits across the country. These funds could provide proportionately as much as an additional \$1.5 billion to the South's schools, if the Southern departments of education and local school districts develop and submit outstanding proposals for innovative school improvement in high-poverty schools.

Although specific guidelines are not yet available, the US Secretary has announced that he will create two funds: "Race to the Top" Fund to improve education quality and results statewide and the "Invest in What Works" Fund to help states and districts replicate proven successes.

These discretionary funds offer Southern states an important opportunity to marshal substantial, additional resources to improve – not maintain --- low-achieving schools across the state.

School Construction Tax Credits (Two Years -2009-2011)

ARRA also includes provisions by which state and local governments across the nation may issue up to \$22 billion in tax-credit bonds for new school construction and up to \$2.8 billion for renovating existing school buildings over the next two years. Proportionately, these financing mechanisms could add as much as \$7.5 billion in new construction and renovations for Southern schools.

While details on the ARRA bond program are not yet available, Southern states should consider these new tax credit bonds for financing "new construction and repair of school facilities" as well as using "Qualified Zone Academy Bonds," (which has been expanded) for school renovations. These instruments may save state governments as much as 50 percent on the long-term costs of construction and renovations since the bonds become, in effect, a no-interest loan which requires only principal re-payment over time.

Local School Districts Funds

“Short-Term Investments for Long Term Gains”

ARRA will provide funds for re-distribution to local school districts. These funds are to be used primarily for students in high-poverty schools (Title I) and for implementing the Individuals with Disabilities Education Act (IDEA). SEF strongly believes that Southern school districts receiving these additional funds should have a strong focus on short-term investments that can help secure long-term gains in learning for students in high-poverty schools. For this reason SEF strongly urges school districts across the South to adopt the following guidelines for the expenditure of ARRA’s Title I and IDEA funds:

Title I (High-Poverty Schools) District Funding (1 Year Support – 2009-2010):

- Focus first on low income and low-achieving schools and their students as the top priority:
 1. Equalize access to effective, proven teaching and learning tools, equipment, and facilities for low income schools.
 2. Consider special *in-school* professional development and training for teachers in low-performing schools.
 3. Devise and effective strategy to make more equitable distribution of effective, qualified teachers across the school district.
- Use district-wide investments only where they will improve all schools’ capacity for high-quality assessments or data systems that can assist teachers and schools in improving student performance and graduation.

IDEA (Students with Disabilities) District Funding (3 Year Support- 2008-2010)

The initial guidelines of US Department of Education have provided very specific suggestions as to what IDEA needs should receive attention. These include:

- Obtaining state of the art assistive technology devices and training;
- Providing intensive district-wide professional development for special education and regular education teachers, especially positive behavior supports, to improve outcomes for students with disabilities; to the general curriculum for students with disabilities;
- Improving the capacity to collect and use data to improve teaching and learning;
- Expanding the availability of inclusive placement options for preschool children with disabilities; and
- Hiring transition coordinators to work with employers in the community to develop job placements for youths with disabilities.

Within the context of these recommendations, SEF also recommends that local school districts give priority to:

- Obtaining evidence-based training modules and professional development that can help administrators and teachers assess accurately “special needs,” especially in districts where African American students represent a disproportionate percentage of students in special education classes;
- Improving the capacity of administrators and teachers through professional development to prevent and manage challenging behavior in those school districts where there are high rates of in-school and out-of-school suspensions and expulsions.

School Construction Tax Credits (2009-2011)

As noted earlier, local governments (including school boards with bonding authority) are eligible for new tax credit bonds for financing “new construction and repair of school facilities” as well as the pre-existing “Qualified Zone Academy Bonds.” These instruments also may save local governments as much as 50 percent on the long-term costs of construction and renovations since it becomes, in effect, a no-interest loan.

Conclusion

In a region plagued by a long history of under-funded education, the American Recovery and Reinvestment Act presents an unparalleled opportunity to lessen the effects of the deep recession on education spending in the South. ARRA directs significant federal funding to help the South’s low income students, now a majority in the South’s public schools, and to improve the South’s low-achieving schools. Amid hard times, the South should make the most of this opportunity to jumpstart a new era of economic growth and prosperity through more and better education.