

## Why GAO Did This Study

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided \$70.3 billion for three education programs—the State Fiscal Stabilization Fund (SFSF); Title I, Part A of the Elementary and Secondary Education Act (Title I); and Individuals with Disabilities Education Act (IDEA), Part B. One goal of the Recovery Act was to save and create jobs, and SFSF also requires states to report information expected to increase transparency and advance educational reform.

This report responds to two ongoing GAO mandates under the Recovery Act. It examines (1) how selected states and local recipients used the funds; (2) what plans the Department of Education (Education) and selected states have to assess the impact of the funds; (3) what approaches are being used to ensure accountability of the funds; and (4) how Education and states ensure the accuracy of recipient reported data.

To conduct this review, GAO gathered information from 14 states and the District of Columbia, conducted a nationally representative survey of local educational agencies (LEA), interviewed Education officials, examined recipient reports, and reviewed relevant policy documents.

## What GAO Recommends

GAO recommends that the Secretary of Education establish mechanisms to improve the consistency of communicating SFSF monitoring feedback to states. Education agreed with our recommendation.

To view the e-supplement online click on <http://www.gao.gov/products/GAO-11-885SP>. View [GAO-11-804](#) or key components. For more information, contact George A.Scott at (202) 512-7215 or [scottg@gao.gov](mailto:scottg@gao.gov).

# RECOVERY ACT EDUCATION PROGRAMS

## Funding Retained Teachers, but Education Could More Consistently Communicate Stabilization Monitoring Issues

### What GAO Found

As of September 9, 2011, in the 50 states and the District of Columbia, about 4 percent of the obligated Recovery Act funds remain available for expenditure. Teacher retention was the primary use of Recovery Act education funds according to GAO's nationally representative survey of LEAs. The funds also allowed recipients to restore state budget shortfalls and maintain or increase services. However, the expiration of funds and state budget decreases may cause LEAs to decrease services, such as laying off teachers. We also found that nearly a quarter of LEAs reported lowering their local spending on special education, as allowed for under IDEA provisions that provide eligible LEAs the flexibility to reduce local spending on students with disabilities by up to half of the amount of any increase in federal IDEA funding from the prior year. However, even with this flexibility, many LEAs reported having difficulty maintaining required levels of local special education spending. In addition, two states have not been able to meet required state spending levels for IDEA or obtain a federal waiver from these requirements. States whose waivers were denied and cannot make up the shortfall in the fiscal year in question face a reduction in their IDEA funding equal to the shortfall, which may be long-lasting.

Education plans to conduct two types of systematic program assessments to gauge the results of Recovery Act-funded programs that focus on educational reform: program evaluation and performance measurement. In the coming years, Education plans to produce an evaluation that will provide an in-depth examination of various Recovery Act programs' performance in addressing educational reform. In addition, for the SFSF program, Education plans to measure states' ability to collect and publicly report data on preestablished indicators and descriptors of educational reform, and it plans to provide a national view of states' progress. Education intends for this reporting to be a means for improving accountability to the public in the shorter term. Further, Education officials plan to use states' progress to determine whether a state is qualified to receive funds under other future reform-oriented grant competitions.

Numerous entities help ensure accountability of Recovery Act funds through monitoring, audits, and other means, which have helped identify areas for improvement. Given the short time frame for spending these funds, Education's new SFSF monitoring approach prioritized helping states resolve monitoring issues and allowed Education to target technical assistance to some states. However, some states did not receive monitoring feedback promptly and this feedback was not communicated consistently because Education's monitoring protocol lacked internal time frames for following up with states.

Education and state officials reported using a variety of methods to ensure recipient reported data are accurate. They also use recipient reported data to enhance their oversight and monitoring efforts. According to [Recovery.gov](#), the Recovery Act funded approximately 286,000 full-time equivalents (FTE) during the eighth round of reporting, which ended June 30, 2011, for the education programs GAO reviewed. Despite the limitations associated with FTE data, Education found these data to be useful in assessing the impact of grant programs on saving and creating jobs.