# PRESS RELEASE

Edward Pound | Director of Communications
202.254.7930 edward.pound@ratb.gov

Amanda Henderson | Communications Specialist
202.254.7986 amanda.henderson@ratb.gov

## BREAKING NEWS

**FOR IMMEDIATE RELEASE**
**November 14, 2012**

### Recovery Funds Impact School Districts

WASHINGTON—In a blog posted today on Recovery.gov, Recovery Board Chair Kathleen S. Tighe discusses the impact of Recovery Act funding on 22 school districts across 21 states and the District of Columbia.

Tighe, also the Inspector General of the Department of Education, reviews a report done by auditors in her IG office. The report covers about $4.4 billion in stimulus funds awarded to the 22 school districts under education grant programs.

Tighe wrote that the stimulus funding "provided critical help to the hard-pressed school districts." However, she said, "measuring results on issues not related to personnel, such as student academic achievement and graduate rates, proved elusive."

*The text of Tighe's blog follows:*

The recession of 2008 dealt a severe blow to elementary and secondary school programs across the country. Declining tax revenues forced state and local governments to slash their assistance to school districts, which, in turn, cut their budgets, eliminated jobs, and scaled back vital services and activities.

A grim picture, to be sure, but one Congress sought to brighten when it adopted the American Recovery and Reinvestment Act of 2009. The Recovery Act included $97 billion for existing and new education-related grant programs. In August 2010, lawmakers adopted the Education Jobs Funds program, or Ed Jobs, providing another $10 billion in assistance to fund education jobs.

As the Inspector General for the U.S. Department of Education, which provided the funding, I wanted some answers: How much did that infusion of funds help beleaguered schools? Were many more jobs created, including teaching positions? I knew we did not have the resources to cover all 13,000 school districts across the country. By necessity, we had to be selective—an approach that would give taxpayers a snapshot of the impact of the spending programs in 22 school districts, big and small, across 21 states and the District of Columbia.

The 22 school districts ranged in size from about 1,000,000 students in New York City to about 13,000 students in Rapid City, South Dakota. To varying degrees, they all were affected by the economic downturn. Unemployment rates in the counties in which the schools districts are located ranged from a high of 12.4 percent to a low of 4.7 percent. Officials in about half of the districts told our auditors that the recession also severely affected housing market conditions and consumer-based taxes.

(more)

Before the recession, according to state and district officials, most states had been increasing their education funding and local financial support had been stable. Once the economic calamity grabbed hold, however, more than two-thirds of the school districts experienced reduced funding from state or local sources.

The review performed by our audit office covered about $4.4 billion in stimulus funds awarded to the 22 districts under three grant programs for elementary and secondary schools along with the Ed Jobs program. Here is what we found:

- To help drive the economic recovery and strengthen education resources, the Department of Education directed educators to spend Recovery Act and Ed Jobs funds quickly and wisely. The 22 school districts generally made quick use of funds, including amounts designated for educationally disadvantaged students and students with disabilities. Some districts, however, held back money to maintain existing staffing levels into the future.

- Education Department guidance gave school districts the flexibility to use Recovery Act money provided under the federal Education Stabilization Fund (ESF) on a broad range of education-related activities. But in the case of the 22 districts, many officials believed they had little or no discretion on how to use the funds; therefore, they used the money to offset cuts in state or local funding. By comparison, the districts often used other education funds made available under the Recovery Act--including disabilities grant programs--to advance educational reforms such as hiring instructional coaches to improve teacher and student performance.

- The Recovery Act encouraged investment in infrastructure that would provide long-term economic benefits. Of the 22 districts reviewed, however, only Virginia Beach, VA, used ESF funds along with local money and charter bonds to partly fund construction of a new energy-efficient building to replace an old elementary school. There were several reasons other districts chose not to fund construction projects, probably most importantly the need to use ESF funds to support school budgets.

- To avoid so-called funding cliffs, many districts used some stimulus funds for services and activities requiring only one-time or short-term outlays. A funding cliff occurs when a district is unable to sustain activities or services after Recovery Act funds are no longer available. Unless financial help came from state or local governments, most district officials said they expected to face moderate to significant funding cliffs after stimulus funds ran out.

- For the three Recovery Act grant programs included in this review, most districts spent all of their funds within the grant period designated by the Education Department. Officials in five districts reported, however, that they had $1.7 million in disabilities funds they had not spent, most from the Newark, NJ, district ($1.5 million).

- The jobs picture was fuzzy, to put it mildly. School officials reported that increased spending had a positive impact, supporting teaching and other personnel jobs in their districts. Nonetheless, our auditors could not establish with any certainty the number of jobs funded in the districts. One reason: The number of jobs reported publicly by the districts under the Recovery program did not always represent new or specific jobs.

Some districts used stimulus money to replace other funds that had previously supported personnel costs. In the end, it seems clear that the stimulus and Ed Jobs funding provided critical help to the hard-pressed school districts we reviewed. Beyond that finding, measuring results on issues not related to personnel, such as student academic achievement and graduate rates, proved elusive. One example should suffice: Officials in several districts said they used multiple funding sources to finance activities aimed at improving student academic achievement. Given that context, the officials said they did not attempt to measure results tied to their use of stimulus funds.

-- Kathleen S. Tighe, Chair, Recovery Board, and Inspector General, Department of Education

###