



# An Opportunity for Education Reform

## A Look at Fiscal Year 2011 Education Appropriations

Melissa Lazarin | April 2010

Education reformers could be forgiven for suffering a minor bout of attention deficit disorder between debating the merits of the Race to the Top winners and runner-ups, examining the president's blueprint reauthorizing the Elementary and Secondary Education Act, and speculating on the prospects of completing ESEA reauthorization this year. The Obama administration has done much to shake up the federal education landscape.

Congress would be remiss not to reauthorize ESEA, but the prospects for completion remain unclear. There's another opportunity to push a robust education reform agenda, however—the fiscal year 2011 education funding bill known as the Labor, Health and Human Services, and Education appropriations bill. Congress will surely tackle an education funding measure before the end of the year, and education reformers better take note if they want to keep up reform's momentum.

This brief will examine reform proposals in the Obama administration's FY 2011 budget request, why they're needed, and how they would improve our education system. As Congress looks to reauthorize ESEA and works on appropriations, it should focus on funding these programs because they provide the right mix of formula-based funding and innovation promotion necessary to make our schools better.

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### What's in the federal budget for education reformers

In February, the president proposed a \$3 billion increase in K-12 education programs in his budget even as his administration works to reduce the annual federal deficit. This was an obvious signal of the president's domestic priorities, but the proposed budget was significant in other ways. Few federal appropriations cycles have held such opportunities for reform.

The administration's FY 2011 budget builds on the momentum that began under the American Recovery and Reinvestment Act and looks to innovation to improve America's schools. The groundbreaking Race to the Top and Investing in Innovation, or i3 fund,

spearhead the administration's educational innovation efforts, but the entire education budget aims at driving reforms across all major areas affecting today's classrooms—from teachers to school districts.

Some may question the soundness of investing in innovative reforms at a time when our country is witnessing some of its worst economic times. The reality, however, is that the need for innovation has never been greater. Compared to other nations, the U.S. federal government places minimal investment in innovation initiatives—only 0.02 percent of our gross domestic product.<sup>1</sup> In public education, few dollars go toward entrepreneurial initiatives and exploring new tools and delivery systems for schooling.

It's time to reverse this trend because our education system is not preparing the 21st century workforce we need for a healthy economy.

### Another Race to the Top competition

The president's budget calls for an additional \$1.35 billion for the unprecedented Race to the Top fund, a competitive grant program first established under ARRA that rewards federal dollars to leading states to support further systemic reform. The budget proposal opens up the competition to districts and states alike. The competitive fund has been a part of the federal education agenda for only a short period, but it has already yielded some of the most significant outcomes in education.

Ten states changed their laws to better their chances in the competition, including lifting restrictions on charter school development and expansion and easing the link between student outcomes and teachers.<sup>2</sup> And this was all before even a penny of the program was released.

To maintain the program's integrity, the list of winners will have to remain as exclusive as the first round of winners where only two states—Delaware and Tennessee—have been awarded grants. Plus, federal policymakers will have to ensure that the coveted winnings are well invested.

With these caveats in mind, however, the Race to the Top fund has already demonstrated that it can foster the sort of commitment to bold education reforms that have long eluded our schools. Continued funding can build on these early successes. If ESEA isn't reauthorized this year—resulting in a lack of authorizing language for Race to the Top—congressional appropriations committees should fund the program through their processes as they have done for other promising programs in the past.<sup>3</sup>

## Essential investments in innovation

Congress will have the opportunity to further establish the pioneering ARRA program known as the Investing in Innovation, or i3 fund, as part of the Labor, Health and Human Services, and Education appropriations bill. The president calls for an additional \$500 million investment in this program.

There has been a small growth in nonprofit educational entrepreneurs such as the New Teacher Project, College Summit, and the NewSchools Venture Fund, but these have been established in the absence of great public investment, relying instead on philanthropy and the private sector. While their achievements have been dramatic, limited funding and other policy barriers have challenged any efforts to take their practices to scale and disseminate the lessons they have learned.

A recent Center for American Progress report and leading education opinion leaders have pointed to the need for a “grow what works” fund that would invest in promising innovative education efforts that have demonstrated evidence of effectiveness.<sup>4</sup> The Investing in Innovation fund fills this need.

The Investing in Innovation fund awards grants to districts as well as nonprofit organizations partnering with schools and districts to scale up evidence-based practices and programs. Awards are contingent on a private sector match—capitalizing on the use of other dollars and building the capacity for long-term sustainability—and would undergo an independent evaluation.

As with the Race to the Top fund, should ESEA not be reauthorized this year congressional appropriations committees should use their authority to fund the program through the appropriations process. Again, there is precedent for this type of action.

## Robust interventions and supports for chronically failing schools

The president’s FY 2011 budget request includes \$900 million in school improvement grants or school turnaround grants. These grants are modeled after ARRA and consistent with the current ESEA statute, and they would primarily be targeted to schools that demonstrate the greatest need for such dollars and the utmost commitment to using such dollars wisely. In the president’s budget, schools with the greatest need are defined as those identified in the bottom 5 percent in academic performance in each state.

Schools have been able to use school improvement dollars in the past for a variety of activities with the assumption that these actions would improve school performance. In some cases, schools have witnessed positive outcomes, but this is not the norm. Therefore, it makes sense that eligible school districts, under the president’s proposal, must commit

to using one of ARRA's four turnaround models—turnaround, restart, school closure, and the transformation model—for their lowest-achieving schools. This will ensure that states and districts are committed to using federal dollars for reforms that are likely to improve outcomes. Using limited federal dollars most effectively is particularly important in these challenging economic times.

Even if ESEA is not reauthorized this year, there is existing authority in ESEA-No Child Left Behind and an appropriations line item for school improvement grants in previous Labor, Health and Human Services, and Education appropriations bills. The line item needs an FY 2011 appropriation of \$900 million to fulfill the president's request for this program and should provide the Department of Education the authority to implement the grants toward the four ARRA turnaround models.

### Investing in great teachers and leaders

The Obama administration even takes a reform-minded approach with the largest formula grant program aimed at improving teacher quality. States that take their pot of the ESEA-NCLB Title II state grants will have to work with districts to build more robust teacher evaluation systems—which are sorely lacking across all states—in the administration's proposal to reauthorize ESEA.

The president's proposal also considers ways to make effective federal investments in teachers and leaders. The FY 2011 request calls for a \$950 million Teacher and Leader Innovation Fund that would award competitive grants to states and districts that are willing to consider fresh, new approaches to recruiting and retaining effective teachers and principals. The Teacher and Leader Innovation Fund mirrors the promising Teacher Incentive Fund, or TIF program, which encourages school systems to experiment with performance pay systems. Should ESEA not be reauthorized this year, the four-year-old TIF appropriation line should be increased for FY 2011 and directed to adopt this revised program proposal.

A new \$405 million Teachers and Leader Pathways program proposed in the president's budget would also encourage schools and districts to consider innovative ways to bring new talent into the classroom. Successful teacher and leader nonprofit recruitment programs, such as Teach for America, as well as district-led alternative certification programs would have an unprecedented opportunity to help strengthen the teacher workforce. The program would also encourage innovative pathways for recruiting and preparing school principals.

Congressional appropriators should fund the Teachers and Leader Pathways program as proposed in the administration's budget even if ESEA reauthorization is not completed, so schools can bring in this much-needed talent beginning with the next school year.

## Innovations expanding the concept of schooling

The president's education funding proposal promotes innovative conceptions of schooling, too. The administration proposes reforming the \$1.16 billion 21st Century Community Learning Centers, or CCLC program, which has traditionally disseminated state-formula grants to fund after-school programs. The budget proposal's CCLC program awards competitive grants to states, districts, and nonprofit organizations to support innovative strategies that expand the school calendar and transform schools to serve not only students but entire communities.

Expanded learning time schools formally incorporate traditional out-of-school activities—including enrichment activities such as the arts and service opportunities—into the official school calendar so all students, including those living in the highest poverty, have access. After-school programs can help address both students' academic and nonacademic needs, but participation in these programs is voluntary—a significant drawback.<sup>5</sup> What's more, low-income and disadvantaged students who are most likely to benefit from such programs are often less likely to participate.

Expanded learning time can close not only academic achievement gaps but enrichment gaps as well, and students who are most likely to fall behind, such as English language learners, have much to gain from this new way of schooling.<sup>6</sup>

It also makes sense to open up competitive CCLC grant awards to the development of more community schools. Education, the great equalizer, looks beyond family wealth, a child's health, and social well-being, and whether a child's parents speak fluent English and should provide each student an equal chance at college and career. Community schools are fully equipped to tackle these “out-of-school” barriers by opening up social and health resources to students and their families.

CCLC dollars are currently limited to activities during nonschool hours, which prohibits the expansion of expanded learning time and community schools. This prohibition should be lifted if not in a reauthorized ESEA then in the congressional appropriations process. Making the program competitive to states, districts, and nonprofit organizations will also ensure that these dollars are used most effectively.

Finally, the \$490 million Expanding Educational Options program would award competitive grants to create more high-performing charter schools and other autonomous schools. High-performing charter schools, such as Achievement First and the Houston-based YES Prep Schools, have been leaders in promising new reforms that traditional schools have increasingly adopted, including longer school days and using alternative pathways to bring new talent to the classroom.

Coupled with a commitment to research, data collection, and evaluation—as is the case with this program—the Expanding Educational Options program can help invigorate the way schooling is currently done. Even if ESEA is not reauthorized this year, congressional appropriators should fund this program as proposed in the administration’s budget.

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## The right time for reform and innovation through competitive funding

Throughout the president’s budget proposal, there is a clear shift toward making federal education funds more competitive than has traditionally been the case. The budget request appropriately balances the need to fuel formula-based dollars—which is critical for cash-strapped states as they plan their budgets—and promoting educational innovation and effectiveness to rebuild our system of public schools through competitive-based funding.

Secretary of Education Arne Duncan has noted that the majority of federal education dollars—more than three-fourths—would still be driven by formula.<sup>7</sup> Hallmark federal education funding streams that were established to help level the field—such as Title I dollars for the country’s poorest schools and the Title II teacher improvement state grants—remain as formula-based programs in the administration’s proposal. Federal funding for English language learners—in Title III of ESEA—also remain largely formula driven, though it is apparent here that the Obama administration is looking for innovative solutions to better serve this high-need population by increasing dollars for this program and making them largely competitive.

The growing emphasis on competitive funding in the administration’s budget is an astute move to target federal funds more effectively on programs and strategies that work. Some may argue that it is not appropriate to allocate federal funds on a competitive basis at a time when our nation is undergoing a great economic crisis—that instead we should help states and districts backfill their shrinking budgets. But it is particularly in these times that federal funds, dollar for dollar, must be spent most effectively.

The move also reflects growing consensus that new, innovative education reforms are needed to shake up the status quo. Again, perhaps at no other time has the need for innovation been so clear. New ways of schooling are desperately needed to ensure that American students and schools keep their competitive edge with students in countries where the investment in innovation has been paramount. Innovation will, in effect, help dig our economy out of these trying times and put our country on a path to economic prosperity.

Competitive grant investments in innovative educational program and strategies can also inform how major formula education grants, like Title I and Title II, are spent in the future. Activities that lead to improved educational outcomes and results could be identified and rigorously evaluated, and future spending across major formula-grant education programs could then help support such reforms across all high-poverty schools once they have been proven to be effective.

No time than the present is better to re-examine how we can improve what’s happening in our schools and how we’re funding them.

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## Endnotes

- 1 Steven Ezell, "Benchmarking Foreign Innovation," *Science Progress*, January 12, 2009, available at <http://www.scienceprogress.org/2009/01/benchmarking-foreign-innovation/>.
- 2 Alan Greenblatt, "States 'Race' to Adopt Obama's Schools Policies," NPR, March 4, 2010, available at <http://www.npr.org/templates/story/story.php?storyId=124316925>.
- 3 For example, Congress has supported the Teacher Incentive Fund, which has never been authorized, through appropriations since FY 2006.
- 4 See Center for American Progress, American Enterprise Institute, New Profit, Inc., and Public Impact, "Stimulating Excellence: Unleashing the Power of Innovation in Education" (2009); see also, for example, Sara Mead and Andrew J. Rotherham, "Changing the Game: The Federal Role in Supporting 21st Century Educational Innovation" (Washington: Brookings Institution, 2008).
- 5 Harvard Family Research Project, "What Are Kids Getting into These Days? Demographic Differences in Youth Out-of-School Time Participation" (2006).
- 6 Melissa Lazarin, "A Race Against the Clock: The Value of Expanded Learning Time for English Language Learners" (Washington: Center for American Progress, 2008).
- 7 U.S. Secretary of Education Arne Duncan, Testimony before the Senate Committee on Health, Education, Labor, and Pensions, "ESEA Reauthorization: The Obama Administration's ESEA Reauthorization Priorities," March 17, 2010.