



# Competing for School Improvement Dollars

## State Grant-Making Strategies

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# Introduction and summary

In 2009 the Obama administration announced a focused commitment to turn around 5,000 of the United States' chronically lowest-performing public schools as part of the American Recovery and Reinvestment Act, or ARRA. This commitment came with \$3 billion in funding for the School Improvement Grant program, or SIG, along with new guidelines to ensure that federal dollars are effectively invested at the district and school level.

While states have welcomed the increased funding, the revamped SIG program is sometimes criticized for being overly prescriptive. The administration narrowed the program's focus to 5 percent of the lowest-performing schools in each state, prioritized focus schools into three tiers, limited the menu of school improvement strategies that schools could implement with federal dollars, and urged states to distribute SIG dollars to schools and districts on a more competitive basis.

This shift to a competitive subgrant process likely represents an important policy change for states. Prior to the new rules, states could distribute SIG dollars to school districts based on either a formula or a competitive process. But with nearly 13,000 schools identified for improvement, the revamped SIG program requires states to competitively award grants only to schools and districts that demonstrate the greatest need for federal support and the strongest commitment to use the dollars effectively.<sup>1</sup> This should theoretically prevent limited federal dollars from being spread too thinly.

In practice, however, selectivity across state SIG competitions appears to vary widely. A Government Accountability Office, or GAO, report evaluating early implementation of the new SIG grants in six states found that one state funded only 20 percent of school applicants, two awarded grants to 60 percent to 75 percent, and three states funded all eligible schools.<sup>2</sup>

A U.S. Department of Education report examining the first round of SIG-ARRA grants across all states includes similar findings.<sup>3</sup> In addition, the Department

of Education report notes that Tier III applicants, the least prioritized schools among those eligible for SIG grants, obtained a grant in only a handful of states. Eleven states awarded grants to their Tier III schools while most other states reserved federal dollars for higher-priority schools. Among these 11 states several funded nearly all of their Tier III-eligible schools. SIG dollars were spread very thinly in those states as a result.

As this paper highlights, states have a great deal of discretion in how they target school improvement dollars even while the new federal regulations have defined and limited their use. States' evaluation of district and school grant applications, the type of technical assistance that they provide to districts and schools during the application process, and their process for monitoring and renewing grants all influence the robustness of states' subgrant competitions.

This paper takes a closer look at state grant-making strategies for federal school improvement dollars. Further, it reviews the way in which state funding practices for school improvement have changed as a result of the updated SIG requirements and how states have used their flexibility to implement a competitive grant process.

Specifically, this paper details the approach that three states—Illinois, Louisiana, and Vermont—have taken in administering their grant competitions. These states illuminate the spectrum of competitiveness in the state grant-making process that has emerged as a result of the new school improvement regulations.

There are five significant findings that emerged from examining these three states that call for further investigation across all states:

- First, it is evident that states continue to have a great degree of flexibility in implementing their grant-making strategy. They continue to possess discretion and flexibility in their process for evaluating applications, the type and degree of technical assistance that they provide to districts and schools during the application process, and their process for monitoring and renewing grants.
- Second, as other early research on SIG implementation indicates, access to SIG dollars may be more competitive in some states than in others. Despite the SIG program's narrowed emphasis on the bottom 5 percent of low-performing schools, states face a persistent challenge in striking the appropriate balance between supporting only high-quality school improvement initiatives, investing sufficient dollars to achieve impact, and addressing schools' dire needs for funds.

- Third, all three states needed to provide substantial technical assistance to strengthen the quality of the applications that they received. The new competitive nature of the SIG program did not, in itself, generate robust and bold school-intervention proposals, which suggests that states must be prepared to strengthen their capacity to support SIG-eligible districts and schools during the grant application process.
- Fourth, application rates varied substantially across the three states. A smaller proportion of SIG-eligible schools and their districts applied for federal dollars in both the first and second round in Illinois and Louisiana in comparison to Vermont's turnout in the first round. There are several potential reasons for this variance, including the rigor of the new SIG guidelines, the degree to which states provided technical support to applicants, and the perceived likelihood of winning a grant.
- Fifth and finally, the criteria that states use to monitor districts are clear but the process for grant renewal and termination could be more formal and transparent. The three states are generally clear about the criteria that they use to evaluate applications for funds. Illinois and Louisiana's scoring system, which includes clear-cut scores that applications must reach to be funded, further increases the transparency of their reviewing process. All three states also provide clear criteria on how districts and schools will be monitored and evaluated for grant renewal or termination. States, however, should consider how their grant-renewal process, not simply their criteria, can be more transparent in their district-level applications, statements of agreements with districts, and on their websites to support public accountability for school improvement.

This paper begins with an overview of how the SIG program has evolved into a more competitive process. It next takes a brief look at how all states changed their practices once the program was altered and then examines in detail how three states—Illinois, Louisiana, and Vermont—have approached the competitive grant-making process.

Lastly, the paper concludes with findings and policy implications and underscores the promise of the SIG program's commitment to turn around schools and address the systemic failures that allow our schools to flounder.

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