

Stimulus funds for schools stall in Legislature

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By Eleanor Chute, Pittsburgh Post-Gazette

While road and bridge projects using federal economic stimulus money already are under way, local school districts have not yet received a dime of stimulus money expected to total more than \$2.6 billion in Pennsylvania.

The reason is federal highway money does not have to go through the state Legislature, but federal education money does, said state Education Department spokesman Michael Race.

The state Legislature has not approved the state budget for 2009-10 -- it's not even close -- nor has it passed a bill that would permit any of the federal money to flow in the interim.

Pennsylvania is behind 22 other states that already have been approved to receive the largest source of economic stimulus money for education, the fiscal stabilization fund, and a July 1 deadline to apply for the money is looming.

The economic stimulus money comes from a number of different streams. Three major ones are the fiscal stabilization fund, special education and Title 1, a program aimed at enhancing the achievement of low-income students.

The federal government already has sent Pennsylvania about \$400 million, which is half of the money destined for special education and Title 1. These allocations for each district are based on a federal formula, but the state can't give it to local districts without legislative approval.

"We've heard anecdotally that the money is trickling quite slow to the local level," said Robert Kim, a policy analyst for the National Education Association, speaking of the nation as a whole. "The U.S. Department of Education has made it very clear in their guidances and their information that they've disseminated with respect to the stimulus package that the money really must go to locals as expeditiously as possible."

Pennsylvania also is eligible for about \$1.9 billion of fiscal stabilization money, about \$1.6 billion of which must be spent on education. Twenty-nine other states and the District of Columbia have applied. Approval is not contingent on having a final state budget.

As to why Pennsylvania hasn't applied yet, Mr. Race said the U.S. Department of Education told the state to submit an application for preliminary review, which it did, and then to submit it for final review once the budget process is completed.

"Since states can make a number of decisions about how to use the state fiscal stabilization fund, the feds need to wait until the legislative process is finished before they can give us formal approval," Mr. Race said.

However, U.S. Education Department spokeswoman Elaine Quesinberry last week said the federal department recommended the state submit a preliminary application "to get things started" but was not told to wait for a final state budget for the final application.

"While we appreciate the state's preliminary application, we need to receive the state's final application based on the 'best possible projections.' We recognize the state's budget will likely not be approved until after the July 1 deadline. The department is working on a process for amending the application with revised data. It will offer maximum flexibility for states," she said.

Unlike special education and Title 1 money, states have more latitude -- within a certain framework -- in spending the fiscal stabilization fund.

How Pennsylvania might spend such money has become muddled in recent weeks as the governor and legislators engage in an acrimonious battle over how to fill a projected \$3 billion budget deficit, including widely divergent opinions on how to spend the fiscal stabilization money.

The dispute has dimmed prospects that the state budget will be approved by the end of this month.

Of the fiscal stabilization fund, Gov. Ed Rendell initially had proposed spending \$418 million in 2009-10 and that plus an additional \$317 million in 2010-11 to increase the basic education subsidy to school districts.

However, Senate Republicans won Senate approval to roll back state basic education spending -- the stimulus bill requires maintaining 2006 spending levels -- and to fill the gap with \$728 million in stimulus money, thus holding the basic education allocation to 2008-09 levels.

State Education Secretary Gerald Zahorchak has said that plan would have a "devastating" effect on districts, students and taxpayers.

The result is that school districts have even less certainty than usual over how much money to expect. Some are budgeting only part or none of the anticipated stimulus money.

Sto-Rox officials recently felt so uncertain they didn't include any federal stimulus money in their preliminary budget, which calls for eliminating 29 of its 131 teaching positions. Officials expect the number to be smaller once the dust settles.

Pine-Richland Superintendent James Manley said the state dispute doesn't have a large effect on his district because 80 percent of its budget comes from local money. However, he said some colleagues are budgeting 50 percent or less of the estimated stimulus allocation because of the uncertainty.

With the challenging economy and the uncertain state revenue, Dr. Manley said some districts will be "in real jeopardy in terms of financial stability."

Mr. Kim said local school districts "need to see the money or know the money is coming soon to engage in serious and thoughtful planning about how to use the money. The worst thing in the world would be to have the money drop at the last minute."

Nationwide, school districts are finding the varied streams of economic stimulus money for education confusing.

Jack Jennings, president and CEO of the Center on Education Policy, a national advocacy group for public schools, recently wrote a letter to U.S. Education Secretary Arne Duncan recapping a forum of national education groups on the stimulus.

While the groups were appreciative, he wrote there was "still much confusion and anxiety" over the use of the money.

He said the stimulus money includes multiple programs, multiple rules and multiple decision-makers, including the U.S. Department of Education, governors, state legislatures, chief state school officers, local school boards and administrators, and, in some cases, local governments.

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