School Districts’ Use of Recovery Act and Education Jobs Funds

Department of Education
Office of Inspector General
Final Audit Report ED-OIG/A09L0006
September 2012

NOTICE
Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

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September 28, 2012

Memorandum

TO: Anthony W. Miller  
   Deputy Secretary

FROM: Patrick J. Howard /s/  
       Assistant Inspector General for Audit

SUBJECT: Final Audit Report  
         School Districts’ Use of Recovery Act and Education Jobs Funds  
         Control Number ED-OIG/A09L0006

Attached is the final audit report providing the results of our review of how 22 school districts spent Federal funds awarded under the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the State Fiscal Stabilization Fund, Education Stabilization Fund; the Elementary and Secondary Education Act, Title I, Part A; and the Individuals with Disabilities Education Act, Part B, Section 611 grant programs and under separate legislation for the Education Jobs grant program. An electronic copy of the report has been provided to the applicable program officials and audit liaison officers. We received technical comments on this report from your office and the Office of General Counsel and modified the report where appropriate. The Department did not need to submit a corrective action plan because the report did not contain recommendations.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given to us during this review. If you have any questions, please contact me at 202-245-6949 or Raymond Hendren at 916-230-2399.

Attachment

The Department of Education’s mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.
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<th>Abbreviation</th>
<th>Definition</th>
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<td>U.S. Department of Education</td>
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<tr>
<td>Ed Jobs</td>
<td>Education Jobs Fund</td>
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<tr>
<td>ESF</td>
<td>State Fiscal Stabilization Fund, Education Stabilization Fund</td>
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<td>GAO</td>
<td>Government Accountability Office</td>
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<td>IDEA</td>
<td>Individuals with Disabilities Education Act, Part B, Sec. 611</td>
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<td>Pre-K–12</td>
<td>Prekindergarten through 12th grade</td>
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<td>Local Educational Agency</td>
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<td>MOE</td>
<td>Maintenance of Effort</td>
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<td>Office of Inspector General</td>
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<td>OMB</td>
<td>Office of Management and Budget</td>
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<td>SEA</td>
<td>State Educational Agency</td>
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<tr>
<td>Title I</td>
<td>Elementary and Secondary Education Act of 1965, Title I, Part A</td>
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### School District Short Form

<table>
<thead>
<tr>
<th>School District</th>
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<td>Mesa Unified School District</td>
<td>Arizona</td>
<td>AZ</td>
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<td>Montgomery County Public Schools</td>
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<td>Rapid City Area Schools</td>
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Results in Brief
Congress enacted the American Recovery and Reinvestment Act (Recovery Act) in February 2009 and the Education Jobs Fund (Ed Jobs) statute in August 2010. The Recovery Act provided more than $97 billion for existing and new education-related grant programs. It had several goals, including creating new jobs and saving existing ones, spurring economic activity, investing in long-term growth, and fostering enhanced levels of accountability and transparency in government spending. Ed Jobs provided an additional $10 billion to enable local educational agencies to hire, retain, or rehire employees who provided school-level educational and related services for early childhood, elementary, and secondary education.

What We Did
Our overall audit objective was to determine how selected school districts spent Federal funds awarded under the Recovery Act for the State Fiscal Stabilization Fund, Education Stabilization Fund (ESF); the Elementary and Secondary Education Act, Title I, Part A (Title I); and the Individuals with Disabilities Education Act, Part B, Section 611 (IDEA) grant programs and under separate legislation for the Ed Jobs grant program. We refer to these collectively as “stimulus funds” in this report. To accomplish this objective, we looked at how one school district in each of 22 States spent or planned to spend their stimulus funds. In addition, we determined (1) whether school districts would spend all the funds by the end of the respective grant periods, (2) factors influencing how they spent the funds, (3) results they identified from using the funds, and (4) whether they expected to experience unsustainable commitments (“funding cliffs”) after stimulus funds were no longer available. We also collected limited information on districts’ use of a provision in the IDEA on maintenance of effort flexibility.

Of the $70.9 billion in stimulus funds that the U.S. Department of Education awarded under the four grant programs covered by our review, the States where the 22 districts are located received about $41.0 billion, or 57.8 percent. These States awarded about $4.4 billion, or 6.2 percent of the total funds available in the four programs to the 22 school districts in our review. The 22 districts ranged in size from about 13,500 students to about 982,000 students and represented a cross section of characteristics such as economic condition, poverty level, and level of Federal support.

Limitations of the Review
We judgmentally selected the 22 school districts included in our review based on enrollment, geographic location, and various fiscal factors. We did not use statistical sampling methods to select the States and districts; therefore, the information presented in this report should not be generalized to or used to draw conclusions about districts that our review did not cover. We relied primarily on testimonial evidence that school district fiscal and program officials provided. To corroborate the reasonableness of the testimonial evidence, we reviewed available financial and other documentation and interviewed officials from different district departments. However, we did not validate the financial, program, and other information obtained from the districts or the results that district officials attributed to stimulus funds. We also did not test expenditures to determine whether the districts used
stimulus funds in accordance with Federal requirements, nor did we verify the extent that stimulus-funded activities supported educational reforms.

**What Did School Districts Spend Stimulus Funds On?**
Almost two-thirds of the 22 districts spent or planned to spend all of their ESF funds on personnel-related activities such as salaries and benefits for teachers and other staff. Overall, the 22 districts used or planned to use 84 percent of ESF funds for personnel expenditures. The remaining districts spent or planned to spend at least a portion of their ESF funds on nonpersonnel activities such as vocational courses, technology, and new construction. One district used all of its ESF funds for utilities. As mandated by the Ed Jobs statute, the 22 districts spent or planned to spend all of their Ed Jobs funds on personnel-related activities. District officials said they used or planned to use almost all of their ESF and Ed Jobs funds to maintain existing public education services and activities at prerecession levels and only a small percentage to expand existing or offer new services and activities.

In contrast, the 22 districts used or planned to use about half of their Recovery Act Title I and IDEA funds for personnel costs and about half for nonpersonnel costs that were generally focused on student academic achievement, teacher performance, or parental support. District officials said they generally used or planned to use the majority of their Recovery Act Title I and IDEA funds to expand existing or offer new services and activities. Districts also used Recovery Act Title I or IDEA funds for regular grant expenditures so that they would spend Recovery Act funds within the grant period.

**Will School Districts Spend All the Stimulus Funds?**
The grant period for Recovery Act Title I, IDEA, and ESF funds ended September 30, 2011. As of December 31, 2011, district officials reported that they had spent all available ESF grant funds and more than 99 percent of the Recovery Act Title I and IDEA funds. The grant period for Ed Jobs ends on September 30, 2012, a year after the three Recovery Act grant periods ended. As of December 31, 2011, the districts reported that they had spent more than 80 percent of their Ed Jobs funds.

**What Influenced How School Districts Spent the Funds?**
School district officials told us that a variety of factors influenced how their districts spent stimulus funds, including Federal requirements covering use of funds, State actions and budget decisions, each district’s fiscal condition and educational priorities, and concerns about funding cliffs. First, districts’ use of funds had to comply with existing Federal laws, regulations, and program-specific requirements as well as new requirements imposed by the Recovery Act and Ed Jobs statute. Second, several districts covered by our review received ESF or Ed Jobs funds in place of State aid that districts would normally have received. As a result, those districts generally used the ESF and Ed Jobs grants to maintain existing services and activities because the grant money did not represent supplemental funding. In several States, the State educational agency also affected how districts used ESF funds by issuing guidance that encouraged districts to use the funds for specific activities, such as paying for teacher salaries and benefits.
What Results Did School Districts Identify?
Officials in the 22 school districts covered in our review identified positive results from spending stimulus funds, such as creating and retaining jobs, improving student academic achievement, or pursuing educational reforms. Officials from several districts said those services and activities would not have been possible without the supplemental funding. However, measuring and interpreting results can be challenging. For example, oversight agencies and district officials have questioned the validity and accuracy of jobs data that stimulus fund recipients are required to report. Additionally, improvements in an area such as student academic achievement may be attributable to a variety of factors, only one of which may have been an activity or program supported by stimulus funds.

Will School Districts Face Funding Cliffs?
A funding cliff occurs when a school district is unable to sustain activities or services after stimulus funds are no longer available. Officials from most of the 22 States and school districts expected to face moderate to significant funding cliffs after stimulus funds were no longer available unless State or local revenues returned to prerecession levels in the near future. In some cases, districts used stimulus funds for unsustainable activities because they wanted more students to benefit from the one-time infusion of supplemental funds. The presence of a funding cliff does not mean that a district’s use of stimulus funds was unsuccessful or did not achieve the intended result. District officials planned to continue essential services to the extent possible by prioritizing spending and reducing costs, but in some cases districts may have to lay off staff or reduce educational services.

Observations
Based on our review of 22 school districts, we highlight several additional observations that we believe provide insights for policymakers if another economic stimulus program for elementary and secondary education were considered in the future.

- School districts that faced significant revenue shortfalls tended to spend their ESF and Ed Jobs funds more quickly than their Recovery Act Title I and IDEA funds. However, several districts delayed spending their ESF or Ed Jobs funds, which diminished immediate economic impacts.
- Districts more often used Recovery Act Title I and IDEA funds to support educational reforms than they did with ESF funds. As a result, educationally disadvantaged students and students with disabilities might have experienced more direct benefits related to educational reform from the Recovery Act than the student population as a whole.
- To avoid funding cliffs, many districts used stimulus funds for purchases that required one-time or short-term outlays. They often used the funds for professional development and technology. One district used stimulus funds for a major infrastructure project. These types of expenditures were intended to provide long-term benefits.
- Nine days before the grant period ended, the Department offered States a waiver to extend the grant period for Recovery Act Title I and other grants for an additional year so that districts could spend remaining funds. The Department intentionally offered the waiver late in the grant period because it had previously encouraged districts to carefully plan for the
timely use of the funds. However, if the waiver had been available earlier, districts might have had more time to implement their plans or develop new plans for using the remaining Recovery Act Title I funds and might have used the funds differently. Because the IDEA does not allow waivers to extend the grant period, the Department could not offer a similar waiver for Recovery Act IDEA funds, and districts forfeited those funds not spent by the end of the grant period.

- Although the districts most commonly identified the number of jobs supported with stimulus funds as a positive result, the reported number of jobs did not always represent new jobs or jobs that would have been in jeopardy without stimulus funds.

**Department Comments**

We provided a draft of this audit report to the Department for review and comment. The Department stated that it will maintain its focus on maximizing the effective and efficient use of all Federal funds, including the funds authorized under the Recovery Act and the Ed Jobs statute, and ensuring that recipients spend the funds for their intended purposes. The Department’s written response is included as Appendix 5 of this report. The Department also provided technical comments, that we incorporated in the final audit report where appropriate.
Purpose of This Review

The U.S. Department of Education (Department) Office of Inspector General (OIG) has been conducting a multiphase review of State and local educational agencies’ (LEAs) administration and use of American Recovery and Reinvestment Act (Recovery Act) and Education Jobs Fund (Ed Jobs) grant programs. With the passage of the Recovery Act in February 2009, the OIG initiated its first phase of audits to assess the adequacy of internal controls over Recovery Act funds at State governors’ offices, State educational agencies (SEAs), and school districts in eight States and Puerto Rico. In 2010, the OIG initiated the second phase of Recovery Act audits in 10 States and 28 school districts to determine whether Recovery Act funds were spent in accordance with applicable laws, regulations, and guidance, and whether required Recovery Act reports were accurate, reliable, and complete. Appendix 4 provides a list of Recovery Act reports issued from these two phases, as well as Government Accountability Office (GAO) reports on education-related uses of Recovery Act funds in States and localities.

In 2011, the OIG initiated its third phase of Recovery Act work focusing on how school districts used the funds. This report summarizes the results of our nationwide review of 22 school districts’ use of the three largest education-related Recovery Act grant programs administered by the Department for prekindergarten through 12th grade (pre-K–12) education:

- Elementary and Secondary Education Act of 1965, Title I, Part A (Title I);
- Individuals with Disabilities Education Act, Part B, Section 611 (IDEA); and
- State Fiscal Stabilization Fund, Education Stabilization Fund (ESF).  

In addition to the three Recovery Act programs, we included the Ed Jobs grant program, which was enacted in August 2010 and provided additional financial support to LEAs. In the report, we refer to these funding streams collectively as “stimulus funds.”

Our overall audit objective was to determine how selected school districts used stimulus funds. Specifically, we wanted to provide insight into:

1. what the school districts spent stimulus funds on,
2. whether the districts would spend all stimulus funds by the end of the respective grant periods,
3. the factors influencing how the districts spent stimulus funds, and
4. whether the districts would face “funding cliffs”—an inability to sustain services and activities when stimulus funds were no longer available.

We also present limited information on districts’ reported results from spending stimulus funds and provide observations in a number of areas based on how 22 school districts used stimulus funds.  

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1 The State Fiscal Stabilization Fund grant program had two components: ESF and Government Services Fund. ESF accounted for more than 80 percent of the total awarded through this program. Whereas ESF supported only education programs, recipients could use the Government Services Fund for public safety and other government services, including education services. This review covered only the ESF component. However, OIG’s earlier Recovery Act audits covered both components of the State Fiscal Stabilization Fund.
selected the 22 school districts covered by this review based on various factors to provide a cross section of districts from around the nation. The 22 districts ranged in enrollment size from about 13,500 to about 982,000 students and experienced a range of economic and other conditions. The Scope and Methodology section of this report (Appendix 1) describes in more detail how we selected the 22 school districts. Of the $70.9 billion of stimulus funds that the Department awarded under the four grant programs listed above, the States where the 22 districts are located received about $41.0 billion, or 57.8 percent. These States awarded about $4.4 billion, or 6.2 percent of the total funds available in the four programs, to the 22 school districts in our review.

The information presented in this report should not be generalized to the universe of school districts receiving stimulus funds or be used to draw conclusions about districts not covered by our review. The 22 school districts in our review comprise only a small number of school districts operating across the nation. Although this report illustrates conditions at a cross section of school districts and includes information related to the use of about $4.4 billion in stimulus funds, we did not use statistical sampling methods to select the States and districts included in our review. Additionally, we did not test expenditures to determine whether the 22 school districts used stimulus funds in accordance with Federal requirements, nor did we verify whether the districts achieved the reported results attributed to stimulus funds.
Background

On February 17, 2009, in the midst of the most severe economic downturn since the Great Depression, Congress enacted the Recovery Act (Public Law 111-5). This effort to jumpstart the economy had several goals, including creating new jobs and saving existing ones, spurring economic activity, investing in long-term growth, and fostering enhanced levels of accountability and transparency in government spending. Both the Act and Department guidance issued in April 2009 stated that grant recipients should spend the funds quickly but wisely. Department guidance also stated that recipients should invest the one-time funds thoughtfully to minimize funding cliffs and use the funds to spur educational reforms. Congress set aside more than $97 billion of the Recovery Act’s $787 billion, or about 12 percent of the total funds available, for both existing and new grant programs administered by the Department.

On August 10, 2010, Congress enacted the Ed Jobs statute (Public Law 111-226). This new grant program provided an additional $10 billion to help LEAs create or retain education jobs.

Economic Conditions Faced by States and Districts

When the Recovery Act was enacted, the adverse economic effects of the 2008 recession were taking hold throughout much of the nation. In addition to relying on Federal grants, States and school districts rely on revenues from a variety of sources such as income, property, and sales taxes. The 2008 recession and the resulting economic downturn and decline in revenues put significant pressure on States and school districts to cut elementary and secondary education budgets. According to the Bureau of Labor Statistics, the national unemployment rate increased from 5.8 percent to 9.3 percent between 2008 and 2009 and had a significant effect on States’ and school districts’ ability to maintain revenues from income and sales taxes. During the same period, the housing market was also in decline. According to Standard and Poor’s Case-Shiller Index, which tracks the value of residential housing, home values nationwide decreased by about 30 percent between 2006 and early 2009. By the end of September 2011, according to the Case-Shiller Index, nationwide home prices had declined to March 2003 levels.

Declining revenues resulted in budget reductions that forced some school districts to eliminate jobs and scale back services and activities. At least 34 States and the District of Columbia had reduced funding for early education or elementary and secondary education since 2008, according to the Center on Budget and Policy Priorities, which examines the effects of State and Federal fiscal policy on low- and moderate-income households. According to the National Conference of State Legislatures, about two-thirds of the States nationwide reported that they faced budget gaps as they drafted their fiscal year (FY) 2008–2009 budgets. An additional 10 States did not previously report budget gaps but later reported that new gaps had opened. Only seven States did not report a budget gap for FY 2008–2009.

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2 Specific Department guidance and communications that we reference in this report is generally available at the Department’s Recovery Act Web site at http://www.ed.gov/recovery.

3 The National Bureau of Economic Research defined the 2008 recession as the period December 2007 through June 2009.
Before the Recovery Act was enacted, 34 States projected a need to resolve budget gaps for FY 2009–2010. Budget shortfalls continued to affect States and localities as they headed into FY 2011–2012.

The recession affected the 22 school districts in our review to varying degrees. For example, the counties where the districts were located had 2009 unemployment rates ranging from 4.7 percent to 12.4 percent. Relative to the 2009 national unemployment rate of 9.3 percent, 7 of the counties had higher unemployment, 10 had lower unemployment, and 5 were equal to or within one percentage point of the national average. Home prices also declined at different rates, and the recession’s effect on housing varied. For example, according to the Case-Shiller Index, home prices in Las Vegas, Nevada (served by the Clark County School District) had declined below January 2000 pricing levels as of October 2010. In contrast, home prices in the District of Columbia remained at 82 percent above January 2000 levels as of October 2010.

Officials in about half of the 22 school districts said that the recession severely affected unemployment, housing market conditions, or consumer-based taxes. According to State and district officials, nearly all of the 22 States in our review had been increasing elementary and secondary education funding statewide before the recession. Furthermore, officials in most of the 22 districts said that local education funding was stable or expanding before the recession. However, more than two-thirds of the 22 districts experienced reduced funding from State or local sources following the recession. Most of the districts did not expect funding levels to recover to prerecession levels for several years.

**Stimulus Grants and Intended Uses**

As recipients of stimulus funds, States and school districts had to comply with requirements specified in the Recovery Act, Ed Jobs statute, and existing Department regulations. For example, the Recovery Act and Ed Jobs required recipients to report on the use of funds, established time periods in which funds had to be obligated\(^4\) and spent, and incorporated program-specific requirements for use of funds. The Recovery Act specified that recipients could not use the funds for casinos, aquariums, zoos, golf courses, or swimming pools (Section 1604). The Ed Jobs statute specified that States could not use the funds for a “rainy day” fund or debt retirement. States and school districts had to also comply with Department regulations, which set the general administrative requirements for use and oversight of Department funds.

**Educational Reforms**

To receive funding under the State Fiscal Stabilization Fund, including ESF, the Recovery Act required governors to provide assurances that the State would address four areas of education reform: achieving equity in teacher distribution, improving collection and use of data, enhancing academic standards and assessments, and supporting struggling schools. Although the assurances were a condition for States to receive ESF funds, they did not mandate specific uses of Recovery Act Title I, IDEA, and ESF funds.

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\(^4\) Funds are considered obligated when a recipient places an order, awards a contract or grant, receives services, or performs similar transactions during a given period, which the recipient must pay for during the same or a future period (Title 34, Code of Federal Regulations, Sections 76.707 and 80.3).
However, the Department’s program-specific guidance encouraged school districts to consider strategies and activities that were consistent with the Act’s four reform goals.

When interviewing school district officials, we asked them about results from their districts’ use of stimulus funds in four broad areas that were consistent with educational reforms stated in the Act and in Department guidance. We generally categorized the examples of school district services and activities as follows.

- **Innovative education**—Activities such as professional development to instruct teachers on using technology effectively in the classroom, programs to prevent students from dropping out of school, and programs to establish smaller learning communities.
- **Improving schools**—Activities such as support and interventions for the lowest-achieving schools and systems to collect and analyze data and provide feedback to educators, students, and families.
- **Raising student academic achievement**—Activities such as programs designed to increase reading or math test scores and graduation rates.
- **Implementing local or supporting State education reform initiatives**—Activities such as teacher merit pay and evaluation, longitudinal data development and use, and high-quality academic assessments.

**Recovery Act and General Administrative Requirements**

Section 1512 of the Recovery Act outlined quarterly reporting requirements for the four grant programs included in our review. The State recipient, such as the governor’s office or the SEA, must report the cumulative receipt and expenditure of funds as of the end of the reporting quarter for each grant. The recipient must also report the number of jobs created and retained by the grant during the quarter.

The Department made Recovery Act Title I, IDEA, and ESF funds available to States in April 2009. States and school districts could apply costs back to February 17, 2009, when Congress enacted the Act, and had to obligate the funds by September 30, 2011. The Department made Ed Jobs funds available to States in August 2010, and these funds had to be obligated by September 30, 2012. States and school districts had to expend any obligated funds no later than 90 days after the end of the respective grant period.5

**Program-Specific Requirements**

Table 1 shows the amount of stimulus funds available nationwide and awarded to 22 school districts for the four grant programs covered by our review. We describe requirements specific to each of the grant programs below.

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5 On September 21, 2011, the Department invited SEAs to request a waiver, if needed, to extend the grant period for Recovery Act Title I funds for an additional year. The Department did not have the authority to extend the grant period for the other stimulus funds covered by our review. Section 2 of this report addresses the waiver in more detail. The Department could extend the deadline for expending the obligated funds at the request of the grantee (Title 34, Code of Federal Regulations, Section 80.23(b)).
Table 1: Stimulus Funds Nationwide and Covered by the Review

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<th>Grant Program</th>
<th>Amount Available Nationwide (in billions)</th>
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<td>5.7%</td>
</tr>
</tbody>
</table>

* The amount of ESF funds available includes funds for States to support elementary and secondary education and higher education.

Source: OIG analysis of Department grant data as of October 2011 and data provided by the 22 school districts as of December 31, 2011.

**Title I**

The Recovery Act provided $9.9 billion to supplement the existing Title I grant program. Both regular and Recovery Act Title I funds are intended to help LEAs and schools expand and improve educational programs for low-achieving students in schools with high concentrations of students from low-income families. In this report, we refer to schools that receive Title I funds as “Title I schools” and to students eligible to receive Title I services as “educationally disadvantaged students.” The 22 school districts in our review received Recovery Act Title I awards totaling about $1.2 billion, or 12.6 percent of the supplemental Title I funding. The Department awarded Recovery Act Title I grants by statutory formula to SEAs, which then awarded funds by formula to eligible LEAs.6

LEAs and Title I schools must use the Recovery Act Title I funds consistent with existing Title I statutory and regulatory requirements. In September 2009, the Department published guidance stating that an LEA or school should consider using Recovery Act Title I funds to improve learning outcomes for students who are failing or most at-risk of failing to meet State academic achievement standards.

Although the Department did not prescribe specific uses of Title I funds, the guidance encouraged LEAs and schools to use their Recovery Act Title I funds on a short-term basis for activities that would have a lasting impact. According to the conference report accompanying the Recovery Act, Congress also expected States to use some of the Recovery Act Title I funds for early childhood education.

**IDEA**

The Recovery Act provided $11.3 billion to supplement the existing IDEA grant program. Both regular and Recovery Act IDEA funds are intended to help States provide special education and related services...
to students with disabilities to ensure that they have access to a free appropriate public education. The 22 school districts in our review received Recovery Act IDEA awards totaling about $715 million, or 6.3 percent of the supplemental IDEA funding. As with Title I, the Department awarded Recovery Act IDEA grants to SEAs, which then awarded funds to LEAs.

LEAs must use the Recovery Act IDEA funds consistent with existing IDEA statutory and regulatory requirements that dictate the use of regular IDEA funds. All IDEA funds, including those awarded under the Recovery Act, are available to fund the excess costs of providing a free appropriate public education to students with disabilities (defined to include children with intellectual disabilities; hearing, speech, language, or visual impairments; emotional disturbances; autism; orthopedic impairments; traumatic brain injuries; other health impairments; or specific learning disabilities). In September 2009, the Department published guidance on using Recovery Act IDEA funds to drive school reform and improvement. Examples of these expenditures included costs for special education teachers and administrators, providers of related services such as speech therapists and psychologists, materials and supplies for use with students with disabilities, professional development for special education personnel and general education teachers who teach students with disabilities, and specialized equipment or devices to assist students with disabilities. The guidance encouraged LEAs to use the Recovery Act IDEA funds to build organization and staff capacity for sustaining broader reform initiatives designed to improve learning outcomes for all students when the funding ends.

**ESF**

The Recovery Act provided $39.7 billion in ESF funding to provide State fiscal relief to prevent tax increases and cutbacks in critical education services. The Department awarded the funds to State governors. In some States, the governor administered the grant directly; in other States, the governor delegated grant administration to another State agency such as the SEA. The Act required States to first use ESF funds to restore State aid to school districts and public institutions of higher education and then to allocate any remaining funds to school districts. The 22 school districts in our review received ESF awards totaling about $1.9 billion, or 4.7 percent of the total ESF funds awarded.

The Recovery Act required school districts to use ESF funds for activities authorized under the Elementary and Secondary Education Act; IDEA; Adult Education and Family Literacy Act; or the Carl D. Perkins Career and Technical Education Act of 2006. Department guidance from April 2009 explains that under the Impact Aid provisions in the Elementary and Secondary Education Act, LEAs may use ESF funds for educational purposes consistent with State and local requirements. For example, school districts could use ESF funds for direct costs of instruction such as teacher salaries, activities to support instruction such as technology, or utilities such as heating and cooling classrooms. Schools districts could also use the funds to construct new school facilities or modernize or renovate existing school facilities.

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7 The Recovery Act prohibited an LEA from using ESF funds for maintenance costs; stadiums or other facilities where the public pays to watch athletic or other events; vehicles; stand-alone facilities that are not primarily used to educate children, including buildings used for central office administration, operations, or logistical support; or renovating schools when not consistent with State law (Section 14003).
Ed Jobs

The Ed Jobs statute provided $10 billion in new funding to LEAs to retain or create education jobs. The 22 school districts in our review received Ed Jobs awards totaling about $573 million, or 5.7 percent of the total funds awarded. The Department awarded Ed Jobs funds to State governors for distribution to school districts.

The Ed Jobs statute required school districts to use the funds only for retaining, rehiring, or hiring new employees that provide early childhood or elementary and secondary educational and related services. Districts could not use the funds for general administrative or other support services. According to the Department’s April 2011 guidance, a school district could use Ed Jobs funds for personnel-related expenses such as salaries, performance bonuses, health insurance, retirement benefits and incentives for early retirement, contributions to a pension fund, transportation subsidies, and reimbursement for childcare expenses.
SECTION 1: What Did School Districts Spend Stimulus Funds On?

The 22 school districts included in our review received awards totaling about $4.4 billion in stimulus funds for the four grant programs we covered, as shown in Figure 2. Our review focused on identifying the specific services and activities supported by stimulus funds at each school district. We determined that the districts spent stimulus funds on a wide range of personnel and nonpersonnel uses. Personnel expenditures included paying teacher salaries and benefits. Nonpersonnel expenditures included purchasing textbooks and instructional materials, providing transportation services, and upgrading computer capabilities.

Figure 2: Stimulus Grant Amounts Awarded to the 22 School Districts Reviewed

Source: Grant information collected from 22 school districts as of December 31, 2011.

In this section, we discuss the districts’ uses of funds in several categories that we identified. Because one of the overarching principles of the Recovery Act and the Ed Jobs statute was to support job creation and retention, we categorized the uses of funds by personnel and nonpersonnel expenditures. In some cases, the uses and expenditures overlapped categories. For example, if a district used funds for professional development, that use may have included both personnel costs (such as salaries for the people attending the professional development) and nonpersonnel costs (such as tuition). See Appendix 2 for information about individual district’s uses of stimulus funds.

We chose the examples presented in this report to illustrate the overarching themes about the types of purchases that districts made. The scope of our review did not include drawing conclusions from the
examples or determining the amount of funds districts spent for each category or for individual projects. In this and other sections of the report, the information should not be generalized beyond the 22 districts in our review. The OIG did not validate the appropriateness or impact of specific uses of funds described in this report. In 2012, OIG initiated its fourth phase of Recovery Act work, which included reviewing final Recovery Act Title I, IDEA, and ESF expenditures at selected school districts.

Officials in the 22 districts told us that as of March 31, 2011, they planned to spend all of their Ed Jobs funds on personnel-related activities as mandated by the statute. District officials also said that they used or planned to use most of their ESF funds for personnel-related activities. Only five school districts reported spending a significant amount of ESF funds on nonpersonnel costs. School districts’ use of Recovery Act Title I and IDEA funds, which provided supplemental funding specifically to serve educationally disadvantaged students and students with disabilities respectively, was divided more evenly between personnel and nonpersonnel activities. We based our analysis on financial information made available by the school districts. Figure 3 shows the percentage of stimulus funds that the 22 districts spent or planned to spend on personnel and nonpersonnel activities for each grant.

**Figure 3: Estimated Percentage of Stimulus Funds Spent (Actual and Planned) by 22 School Districts on Personnel and Nonpersonnel Activities**

[Graph showing estimated percentages of stimulus funds spent on personnel and nonpersonnel activities for ESF, Ed Jobs, Title I, and IDEA grants.]

Source: Expenditure and budget information collected from 22 school districts as of March 31, 2011.

Because the Recovery Act and Ed Jobs statute generally provided districts with significantly more Federal funding than normal, we also determined whether school districts used or planned to use stimulus funds to maintain or expand existing services and activities or to provide new ones. We define “maintaining” services and activities as providing education programs at or near the same level that existed before the Recovery Act, “expanding” as enhancing education programs that existed before the Act, and “new” as adding education programs that did not exist before the Act. Officials at the 22 districts said that they spent or planned to spend almost all of their ESF and Ed Jobs funds to maintain
services and activities at or near pre-Recovery Act levels. In contrast, they told us that their districts used or planned to use more than half of their Recovery Act Title I and IDEA funds to expand existing services and activities or to provide new ones.

Activities Funded by ESF and Ed Jobs Grants

As of March 31, 2011, the 22 school districts included in our review received awards totaling almost $1.9 billion in ESF and more than $573 million in Ed Jobs funds. Most of the 22 districts used or planned to use their ESF funds primarily for personnel expenditures. However, several districts used or planned to use a portion of the funds for nonpersonnel expenditures such as technology, professional development, or school construction. Officials at the 22 districts said they used or planned to use Ed Jobs funds for personnel costs, as required by the Ed Jobs statute. They also said that their districts spent or planned to spend almost all of their ESF (on average, 93 percent) and Ed Jobs (on average, 95 percent) funds to maintain education services and activities at prerecession levels. The districts spent or planned to spend much less of these grants (on average, 7 percent of ESF and 5 percent of Ed Jobs) to expand existing or offer new services and activities.

Personnel Expenditures

Fourteen of the 22 school districts used or planned to use their entire ESF grant for personnel expenditures, primarily to pay salaries and benefits for teaching and other positions. Officials at almost all of the districts said that they used or planned to use at least a portion of the funds to maintain personnel levels and pay at essentially the same or reduced levels. Although ESF supported mostly instructional staff for elementary and secondary school grades, the funds also supported other positions such as principals, counselors, aides, and office staff. Officials at only two school districts reported that they used ESF funds to rehire laid-off staff or hire new staff. One district, Edinburg, told us that it used a portion of its ESF funds for pay raises because State legislation authorized pay raises in May 2009 but did not provide additional funding to pay for them.¹⁸

Nine of the 22 districts had already spent some or all of their Ed Jobs funds as of March 31, 2011. Officials in these districts told us that they used the funds to offset reductions in State and local revenues and maintain teaching positions. In nearly all 22 districts, officials said that they used or planned to use Ed Jobs funds only to maintain existing personnel costs. Similarly, GAO reported that 72 percent of the LEAs in its nationally representative survey spent or planned to spend most of the funds on retaining staff rather than rehiring former or hiring new staff.⁹ Officials in several of the districts in our review said they planned to reserve Ed Jobs funds for use during the 2011–2012 school year because of continued uncertainty about State budgets and the overall economy. Officials in one district, Virginia Beach, said the district planned to use Ed Jobs for employee bonuses because district employees had not received a pay increase in about 3 years. Specifically, the district planned to use part of its Ed Jobs grant for a one-time bonus of 2.5 percent for qualified instructional employees in FY 2011–2012.

¹⁸ We described this use of State Fiscal Stabilization Funds in the report “Systems of Internal Control Over Selected ARRA Funds in the State of Texas,” January 27, 2010 (ED-OIG/A06J0013).

Nonpersonnel Expenditures

Eight districts used some of their ESF funds on nonpersonnel expenditures. As of March 31, 2011, the percentage of ESF grants that individual districts spent on nonpersonnel costs ranged from 2 percent in Lee County to 100 percent in Montgomery County. Lee County officials reported using the funds for additional vocational education courses and a data management system, and Montgomery County officials reported using the funds for district utility costs. Other examples of nonpersonnel ESF expenditures from the eight districts are as follows.

- Philadelphia officials said that the district used its ESF grant for activities intended to support or expand reform initiatives in the district’s strategic plan. These activities included an intervention program for failing students, assistance and services for bilingual and immigrant students and their families, and summer school enrichment opportunities.
- Omaha officials said they used ESF funds to purchase Internet service, computers, software, data systems for tracking teacher performance and student academic achievement, and information technology infrastructure.

Activities Funded by Recovery Act Title I and IDEA

According to district officials, personnel expenditures accounted for about half of the districts’ Recovery Act Title I and IDEA spending, as shown in Figure 3 above. Personnel expenditures included salaries and benefits for existing teachers and other staff, compensation for teachers’ additional work, and costs associated with hiring new teachers and other staff. Nonpersonnel expenditures included services and activities that were generally focused on student academic achievement, teacher performance, or parental support.

As shown in Figure 4 on the next page, districts generally used the majority of their Recovery Act Title I and IDEA funds (on average, 70 percent and 59 percent respectively) to expand existing services and activities and offer new ones. They used the remaining funds to maintain existing services and activities even though the funds supplemented the districts’ regular Title I and IDEA grants. For example, San Juan officials said they used about half of their Recovery Act Title I funds to retain teachers, counselors, administrative, and other staff in Title I schools. These personnel had been designated for layoff in 2009–2010. Officials in other districts planned to use remaining Recovery Act Title I or IDEA funds to maintain existing services by using them in place of regular grant funds to ensure that their districts could spend all of the Recovery Act funds during the grant period.

Personnel Expenditures

School districts included in our review reported using Recovery Act Title I and IDEA funds for the salaries and benefits of existing teachers and other staff; additional work that teachers performed beyond

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10 In addition to special education teachers, Recovery Act IDEA personnel expenditures were for staff who provide related services, which are supportive services that are required to assist children with disabilities so they can benefit from special education. Supportive services include physical therapy, occupational therapy, counseling, and audiology services.
their regular work hours, such as teaching summer school or after-school tutoring; and new teachers and other staff. The 22 districts spent an average of about 55 percent of their Recovery Act Title I funds (ranging from 6 percent to 97 percent) and about 49 percent of Recovery Act IDEA funds (ranging from 2 percent to 100 percent) on personnel expenditures.

**Salaries and Benefits of Existing Teachers and Other Staff**

Officials at more than half of the 22 school districts told us that they used or planned to use Recovery Act Title I or IDEA funds for the salaries and benefits of existing teachers or other staff. For example, New York officials said they spent 67 percent of their Recovery Act Title I funds on professional salaries and 14 percent on fringe benefits. They also said the district’s priority was to save jobs and maintain existing programs. Rapid City officials said they used Recovery Act IDEA funds for the salaries and benefits of existing special education teachers during the 2010–2011 school year to ensure that the district would spend all of its funds. Wichita officials reported that the district used or planned to use all of its Recovery Act IDEA funds for personnel costs for special education teachers and paraprofessionals (trained aides who assist teachers).

**Figure 4: Estimated Percentage of Recovery Act Title I and IDEA Funds Districts Used to Maintain or Expand Existing Services and Activities or Offer New Services and Activities**
Source: Actual and planned expenditure and budget information collected from 22 school districts as of March 31, 2011.

**Paying Teachers for Additional Work**
Officials in about half of the 22 districts reported that they used or planned to use Recovery Act Title I and IDEA funds to pay teachers for duties performed outside regular work hours. These duties included classroom-based activities such as teaching summer school and extended-day sessions, and work outside the classroom such as attending professional development courses. For example, DC Public Schools used Recovery Act Title I funds for teachers and aides to participate in after-school, Saturday, and summer school programs. Seattle used Recovery Act IDEA funds for existing staff to tutor after hours.

**Side Bar** Edinburg Expanded its Tutoring Program. Edinburg used Recovery Act Title I funds to expand its tutoring program to include services for educationally disadvantaged second graders. According to district officials, they used the funds for teachers to tutor students after school and on Saturdays at the district’s 30 elementary schools. The district also added second grade to its summer school program.

**Hiring New Teachers and Other Staff**
Officials in most of the 22 districts said they hired new teachers and other staff as part of initiatives supported by Recovery Act Title I or IDEA funds. For example, Fort Wayne used Recovery Act Title I funds for instructional coaching positions. Officials said the instructional coaches provided real-time, customized professional development by working with individual teachers and small groups of teachers.

**Side Bar** Caddo Hired Staff for its Homeless Program. Caddo officials reported that the district used Recovery Act Title I funds to pay for additional staff for its Homeless Program. The program provides enrichment services to homeless students in etiquette and manners, speech, drama, music, art and design, dance, and carpentry. Caddo officials said they used the funds to hire two people and contract with two others to work in the program during the school year and summer. The district also hired 15 teachers and 10 teacher aides and contracted with 8 others for the 10-week summer program, which they operated at 6 sites.

Officials in four districts reported that they used or planned to use Recovery Act Title I or IDEA funds to hire substitutes for teachers who attend training. For example, Cherry Creek officials said the district used Recovery Act IDEA funds for substitute teachers so that special education teachers could participate in training. The training covered newly purchased literacy, math, and autism instructional programs intended to increase academic achievement for students with significant cognitive disabilities.

Officials in two districts reported that they used Recovery Act IDEA funds to hire staff to administer or manage the districts’ special education grants. Cherry Creek hired a team of eight temporary staff to provide budget and administrative oversight of the grant funds. New York City officials said the district used Recovery Act IDEA funds to hire nine staff in 2010 and four in 2011 to administer, manage, and oversee the grant funds.
Nonpersonnel Expenditures

The 22 districts spent or planned to spend about 45 percent of their Recovery Act Title I funds (ranging from 3 percent to 94 percent) and about 51 percent of Recovery Act IDEA funds (ranging from 0 percent to 98 percent) on nonpersonnel expenditures. We categorized these expenditures into three areas: student achievement, teacher performance, and parental support.

Student Achievement

Officials in the 22 districts reported they used Recovery Act Title I and IDEA funds for a wide variety of services and activities related to student achievement. Some types of expenditures were common to both grants, such as technology and new instructional programs. Other expenditures were grant-specific, such as using Recovery Act IDEA funds to provide transportation services for students with disabilities and using Recovery Act Title I funds to expand the number of schools supported with Title I funds.

Instructional and Assistive Technology

Officials in almost all 22 districts reported they used or planned to use Recovery Act Title I or IDEA funds for some type of technology. Officials in about half of the districts said they used Recovery Act Title I and IDEA funds to purchase instructional or assistive technology to address the instructional needs of the students served by the grants. For example, Hawaii officials said that the district used Recovery Act IDEA funds to purchase computers for special education teachers and speech and language pathologists to access and update evaluations and individualized education programs for students with disabilities.

Officials in more than half of the 22 districts reported they purchased or planned to purchase interactive whiteboards. This device looks like a standard whiteboard, but when connected to a computer and projector, it becomes a touch-sensitive version of a computer screen. Instead of using a mouse, teachers and students can control the computer by touching the whiteboard with their hands or a special pen. Caddo officials said that they used Recovery Act IDEA funds to purchase interactive whiteboards for use in high school classrooms serving students with disabilities. Jefferson County officials said they purchased interactive whiteboards with Recovery Act Title I funds to help improve students’ math proficiency.

Officials in more than half of the 22 districts also reported that they purchased or planned to purchase assistive technology specifically designed to support the education of students with disabilities. Assistive technology included equipment such as screen readers for students with vision impairments, sound amplification systems for students with hearing impairments, and interactive touch systems for students with severe disabilities. The following are some examples of assistive technology for students with disabilities that the districts reported purchasing.

- Cherry Creek purchased equipment to amplify classroom sound in its centers for students with hearing impairments to enhance students’ abilities to hear the teacher from anywhere in the classroom.
- Clark County officials said that the district purchased assistive technology to expand existing services and activities. In total, the district equipped 133 classrooms with
equipment for students with cognitive disabilities. Clark County also equipped 257 classrooms with assistive communication devices for early childhood students and 186 classrooms with communication devices and software programs for students with autism.

- Mesa used Recovery Act IDEA funds to purchase braille note-taking devices intended to extend learning capabilities for students with vision impairments. The devices serve as word processors and book readers. In addition, students can use them to take notes, conduct online research, and access files from education networks. The devices can also be used for printing, emailing, or embossing braille characters on student documents.

**Instructional Programs and Materials**

Officials in all 22 districts said that they used Recovery Act Title I or IDEA funds to purchase instructional programs and other classroom materials to improve student achievement. For example, Virginia Beach officials said the district used Recovery Act IDEA funds to expand reading and math intervention initiatives. The reading initiative is designed for students whose reading achievement is below the proficient level. The program includes adaptive and instructional software, literature matching students’ interests, and direct instruction in reading and writing. The math intervention program is designed for at-risk students in grades 2–8 and combines print and technology components.

**Side Bar** *Mesa Purchased Math Software.* Mesa officials said they used Recovery Act Title I funds to purchase a math instructional software program for use in grades 1–6 to address below-proficient academic performance. According to district officials, the software has 35,000 math problems addressing 91 topics so that students do not receive the same question twice. As students practice, the questions become progressively more difficult; if appropriate, the program suggests topics to help students improve in areas where they are having difficulties.

**Transportation for Students With Disabilities**

Officials in five districts reported they used or planned to use Recovery Act IDEA funds for costs associated with transporting students with disabilities to and from school and other educational activities. Rapid City officials said they used the funds to purchase two new buses, which reduced travel time and improved safety and security for students with disabilities. Hawaii and Wichita officials said their districts also used or planned to use Recovery Act Title I funds for transportation costs—Hawaii to transport students attending extended learning classes and Wichita for educational field trips.

**Tutoring, Extended Day, and Summer School**

Officials in about two-thirds of the 22 districts reported they used or planned to use Recovery Act Title I funds for services or activities that extended students’ learning opportunities beyond the regular school day. Officials in six districts said they used or planned to use Recovery Act IDEA funds for this purpose. Extended learning services could include tutoring, other after–school programs, and summer school programs. The services could involve both personnel costs such as teacher salaries and nonpersonnel costs such as instructional materials or transportation. The following are some examples of uses that district officials reported and that we characterized as intending to extend learning opportunities.
• Caddo used Recovery Act Title I funds to purchase instructional materials and clothing as part of its summer program for homeless students.
• Seattle used Recovery Act IDEA funds for summer school facilities and transportation costs.
• Fort Wayne used Recovery Act IDEA funds to provide books during the summer to students with disabilities.
• Newark used Recovery Act Title I funds for summer school activities including instructional materials in reading or math for students at 13 sites. Newark also used Recovery Act IDEA funds to pay staff and purchase instructional materials for its extended school year program.

**Expanding the Number of Title I Schools**

Officials in five districts said that they used Recovery Act Title I funds to expand the Title I program to additional schools. Districts distributed the funds to eligible schools that did not receive regular Title I funds before the Recovery Act. The newly added Title I schools typically used Recovery Act Title I funds for both personnel and nonpersonnel services and activities. Omaha officials reported that they expanded the number of Title I schools from 43 in FY 2008–2009 to 76 schools over the following 2 years. In Clark County, officials said that the district’s primary initiative for the Recovery Act Title I funds was to expand the number of elementary and secondary schools supported by the Title I program. The district used the funds to support 76 additional schools in the 2009–2010 school year and 68 additional schools in 2010–2011.\(^\text{11}\) In Wichita, district officials reported that they used Recovery Act Title I funds to expand Title I services to 17 schools that had never received them.

**Teacher Performance**

Officials in all 22 districts said they used or planned to use Recovery Act Title I and IDEA funds for services and activities, such as professional development and data systems, that we characterized as intending to enhance teacher performance.

**Professional Development**

Officials in almost all 22 districts reported that they spent or planned to spend Recovery Act Title I and IDEA funds on professional development. Nonpersonnel costs associated with professional development included course tuition, registration fees, materials, and travel. As we previously described, personnel costs included salaries for substitutes and the teachers who attended training. District officials said that the professional development focused on improving teaching skills, using new tools or equipment, or identifying students’ special needs. For example, Newark used Recovery Act IDEA funds to provide professional development to classroom teachers and paraprofessionals. The training focused on using assistive technology devices designed to improve instructional practices for students with disabilities. Seattle officials said they used Recovery Act Title I funds to send additional teachers to reading and writing workshops at Teachers College, Columbia University in New York. District officials said that teachers who attended the workshops would then train other teachers.

\(^\text{11}\) Clark County distributed regular Title I funds to 84 existing Title I schools in 2009–2010 and 83 existing Title I schools in 2010–2011.
Data and Student Monitoring Systems
Officials in most of the 22 districts said they used Recovery Act Title I or IDEA funds for data systems, equipment, or materials to monitor student progress or assess the eligibility and needs of students with disabilities. District officials provided the following examples of systems for monitoring student progress and other data.

- Seattle officials said they used Recovery Act IDEA funds to develop and implement an online data system to replace paper-based individualized education programs. Officials said the new system is intended to make the data portable and provide teachers and other professionals serving students with disabilities more timely access to the data. The system also improved the accuracy and completeness of student files. Seattle officials also said the electronic system is intended to help district personnel such as teachers and psychologists collaborate better when serving an individual student. The system also reduced the time to prepare individualized education programs by about 50 percent.

- Newark officials said they used Recovery Act Title I funds to purchase 165 reading assessment kits. The kits are intended to help educators identify each student's level of reading achievement, monitor and document progress, and tailor teaching approaches. The district also used Recovery Act IDEA funds to purchase a software package to analyze students' writing. The software provides information on word count, sentence length, number of sentences, sequential words, and number of high-level words and is intended to help teachers make data-driven decisions on the effectiveness of their instruction.

- Cherry Creek used Recovery Act Title I and IDEA funds, along with State and local funds, to purchase a new data system to monitor student progress districtwide. The system produces a variety of learning and intervention plans, including individualized education programs for students with disabilities and individual literacy plans for English language learners.

Parental Support
The Title I statute requires schools to use a portion of available grant funds for services and activities that promote student achievement by helping parents participate in their children’s education. Officials in about two-thirds of the 22 districts said that their districts used Recovery Act Title I funds for services and activities such as parent resource centers, parent outreach, and family literacy activities. We characterized these uses as intending to support parents' efforts to participate in their child’s education.

Parent Resource Centers
Officials in five districts reported that they used or planned to use Recovery Act Title I funds to support resource centers designed to help parents be more involved in their children’s education. For example, Providence officials said that the district used the funds for its Enhancing Parent Engagement for Improved Student Learning Project. The project focused on ways to enhance parental involvement, such as offering a centralized family center.
**Side Bar** Albuquerque Maintained Family Centers. Albuquerque used Recovery Act Title I funds to support its Engaging Latino Community for Education Family Centers. According to district officials, the district used Recovery Act Title I funds to maintain the centers at 10 elementary schools and 2 middle schools when the State reduced its funding for the centers in the 2009–2010 school year. Officials said that the centers are intended to help parents and students in schools where communication with parents is a challenge, parental involvement in the education of their children is low, or increased and appropriate parental involvement can be expected to improve student academic achievement.

**Parent Outreach**
Half of the 22 districts used Recovery Act Title I funds for activities and initiatives to encourage parent participation in school activities and education. For example, DC Public Schools officials said that the district planned to use Recovery Act Title I funds to create mini-grants for parental involvement initiatives at selected Title I schools. In Clark County, officials at a Title I elementary school said that they used Recovery Act Title I funds to support parent involvement activities, including two math nights, two literacy nights, and four parent workshops to teach math and reading skills. They also purchased materials for parents to use at the school and books for them to take home.

**Family Literacy Activities**
About one-third of the 22 districts used Recovery Act Title I funds for family literacy activities. For example, Albuquerque expanded its Even Start Family Literacy Program from 10 to 13 sites serving families with children ages 3 to 5. DC Public Schools’ Office of Family and Public Engagement planned to use Recovery Act Title I funds to offer a variety of parent workshops, including on-site tutoring, literacy, skill-building classes, and summer learning opportunities.
SECTION 2: Will School Districts Spend All the Stimulus Funds?

As of March 31, 2011, officials in the 22 districts reported that they had spent about 80 percent of their Recovery Act Title I, IDEA, and ESF funds and about 34 percent of their Ed Jobs funds. In early 2012, we asked the school districts to update information on the status of their stimulus funds because the grant period for Recovery Act Title I, IDEA, and ESF funds had ended on September 30, 2011. As of December 31, 2011, officials reported that they had spent more than 99 percent of their Recovery Act Title I and IDEA funds, 100 percent of their ESF funds, and more than 80 percent of their Ed Jobs funds, as shown in Table 2. Some grant amounts changed after March 31, 2011; officials reported that SEAs had revised the amount of the districts’ grant awards after that date. Specifically, one district had a revised amount for Recovery Act Title I, 2 districts for Recovery Act IDEA, and 11 districts for Ed Jobs.

Table 2: Percent of Stimulus Funds Spent as of March 31, 2011, and December 31, 2011

<table>
<thead>
<tr>
<th>Grant</th>
<th>Grant Amount (millions) as of December 31, 2011</th>
<th>Percent Spent as of March 31, 2011*</th>
<th>Percent Spent as of December 31, 2011</th>
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<tbody>
<tr>
<td>Recovery Act Title I</td>
<td>$1,243</td>
<td>72%</td>
<td>More than 99%</td>
</tr>
<tr>
<td>Recovery Act IDEA</td>
<td>$715</td>
<td>69%</td>
<td>More than 99%</td>
</tr>
<tr>
<td>ESF</td>
<td>$1,866</td>
<td>90%</td>
<td>100%</td>
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<tr>
<td>Recovery Act Subtotal</td>
<td>$3,824</td>
<td>80%</td>
<td>More than 99%</td>
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<tr>
<td>Ed Jobs</td>
<td>$573</td>
<td>34%</td>
<td>84%</td>
</tr>
<tr>
<td>Total</td>
<td>$4,397</td>
<td>74%</td>
<td>98%</td>
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</table>

* We calculated the percent spent by dividing the amount of funds spent as of March 31, 2011, by the grant amount as of December 31, 2011. Even though the SEA revised the grant amount(s) for about half of the 22 districts after March 31, 2011, in total the percent spent for each grant did not change.

Source: Grant information collected from 22 school districts.

Status of Ed Jobs Funds

As of December 31, 2011, with 9 months left in the grant period, officials in the 22 districts reported they had about $90 million, or 16 percent, of their Ed Jobs funds remaining. As shown in Figure 5, officials in 10 of the 22 school districts reported they had spent all of their Ed Jobs funds as of December 31, 2011. Of the remaining 12 districts, officials in 5 districts reported they had spent at least 80 percent of their Ed Jobs funds, 3 districts reported they had spent between 50 percent and 80 percent, and 4 districts reported they had spent less than 50 percent.
Figure 5: Status of Ed Jobs Funds as of December 31, 2011

Source: OIG analysis of grant data provided by 22 school districts.

Status of Recovery Act Title I, IDEA, and ESF Funds
As of March 31, 2011, with 6 months remaining in the grant period, the 22 school districts had about 20 percent of their Recovery Act Title I, IDEA, and ESF funds left to spend. To help ensure that their districts spent all of the remaining funds by the end of the grant period, officials in several districts said they planned to use a portion of their Recovery Act Title I and IDEA funds for teacher salaries and other activities that they would normally pay with regular Title I and IDEA funds. When district officials provided updated grant information as of December 31, 2011, they reported that they had spent all of their ESF funds.

Officials from the 22 districts also reported that they had spent more than 99 percent of their Recovery Act Title I and IDEA funds as of December 31, 2011. Officials in 13 districts said they had spent all of their Recovery Act Title I and IDEA funds by the end of the grant period.

Recovery Act Title I Funds
Seven districts had unspent Recovery Act Title I funds totaling about $2.9 million (less than 1 percent of the total awarded to the 22 districts) as of December 31, 2011. The amount of unspent funds ranged
from a low of about $2,400 in Albuquerque (less than 1 percent of the district’s grant award) to a high of about $1.8 million in DC Public Schools (about 7.5 percent of the district’s grant award).

Under normal circumstances, the SEA and school district would have to forfeit or return any Title I grant funds that they did not spend by the end of the grant period. However, on September 21, 2011, the Department invited SEAs to apply for a waiver to extend the grant period for Recovery Act Title I funds for an additional year. As of January 2012, the Department had approved waivers for 30 States (including the District of Columbia) to extend the grant period for Recovery Act Title I funds for an additional year. Of the 22 States covered by our review, 16 (including the District of Columbia) received the waivers. Once an SEA receives a waiver from the Department, districts may request a waiver to extend their grant period.

All seven districts that had unspent Recovery Act Title I funds as of December 31, 2011, were in States where the SEA received a waiver to extend the grant period. Officials in five of those districts said that they also received or expected to receive the waiver. Two of the districts did not state whether they received or expected to receive the waiver. The seven districts gave a variety of reasons for having unspent funds as of December 31, 2011. An official in one district said there were unspent funds because it underused its professional development contracts. An official in another district said there were unspent funds because actual purchase costs were less than the quoted costs. An official in another district said that the district had planned to use unspent funds to pay for supplemental positions and supplies, but ultimately the district was not able to fill those positions and did not purchase the supplies.

**Recovery Act IDEA Funds**

Officials in five school districts reported that they had unspent Recovery Act IDEA funds totaling $1.7 million (less than 1 percent of the total awarded to the 22 districts) as of December 31, 2011. The amount of Recovery Act IDEA funds remaining ranged from a low of about $35,000 in Edinburg (less than 1 percent of the district’s grant award) to a high of about $1.5 million in Newark (11 percent of the district’s grant award). District officials cited several reasons for having unspent Recovery Act IDEA funds. For example, in three districts, officials reported that the actual costs were less than expected. One district reported that charter schools did not use their allocations because they were no longer part of the district. For Newark, district officials stated that they did not have enough time to plan how to spend the remaining funds. Officials in the five districts with unspent Recovery Act IDEA funds expected to forfeit or return the unspent funds.

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12 In addition to Recovery Act Title I funds, the Department’s waiver invitation included other FY 2009 grant programs authorized by the Recovery Act and the Elementary and Secondary Education Act.
SECTION 3: What Influenced How School Districts Spent the Funds?

Multiple factors, such as Federal requirements, State actions, economic conditions, and the districts’ educational priorities, influenced their plans for spending stimulus funds. Officials in most districts said they developed plans for spending stimulus funds by following the same general processes that they used to develop regular annual budgets. Other considerations, such as the need to develop plans quickly and minimize administrative burdens and costs, also influenced the districts’ plans and decisionmaking. For more details on the factors that influenced individual district’s spending decisions, see Appendix 2.

Another factor that districts considered was the IDEA maintenance of effort flexibility provision. The Recovery Act provided school districts with significantly more IDEA funding for special education than they would have otherwise received. If a district met certain requirements it could choose to reduce local special education expenditures and still meet its IDEA maintenance of effort requirement as long as it used the freed-up funds to carry out activities that could be supported with funds under the Elementary and Secondary Education Act. We discuss this provision and the States’ and 22 districts’ use of this provision in Appendix 3.

Federal Requirements and Spending Limitations

As described in the Background section of this report, school districts had to ensure that their use of stimulus funds conformed to the Recovery Act and the Ed Jobs statute, which address the spending rules and limitations. They also had to consider related Department guidance, which clarified how the districts could spend stimulus funds and encouraged districts to invest in services and activities that supported educational reforms. Recovery Act Title I and IDEA and Ed Jobs expenditures also had to be consistent with Office of Management and Budget (OMB) Circular A-87, “Cost Principles for State, Local, and Indian Tribal Governments.” Circular A-87 establishes principles for determining allowable costs. Although the specific cost principles in the circular did not apply to ESF funds, ESF expenditures still had to be reasonable, necessary, and consistent with State and local requirements. We did not assess whether the actual or planned expenditures reported by the 22 school districts complied with Federal requirements.

Additionally, districts’ uses of Recovery Act Title I and IDEA funds had to comply with existing Title I and IDEA requirements designed to ensure supplemental educational assistance for educationally disadvantaged students and students with disabilities, respectively.

Officials from a few districts reported that one challenge was having less flexibility in the ways that they could spend Recovery Act Title I and IDEA funds compared with the ESF funds. For example, a Seattle official suggested that the district could have been more innovative if the Recovery Act Title I grant offered more flexibility in how the district could spend the funds. However, another Seattle official noted that increased flexibility might not have made a difference. The official said that the ESF grant did not require recipients to use the funds for a targeted student population; however, because the State used ESF funds to replace State funding, Seattle had to use the funds for costs that State funding normally would have covered.
Effect of State Actions on Districts’ Use of Stimulus Funds

Officials in more than half of the 22 school districts reported that certain State actions or decisions had an effect on how the district spent stimulus funds. For example, in response to adverse statewide economic conditions, several districts in our review received ESF or Ed Jobs funds in place of State or local funding that the districts would normally have received. As a result, ESF and Ed Jobs did not increase the districts’ overall funding. Officials in these districts said they had little or no discretion in deciding to use the funds for operational costs that were previously paid with State or local funds. Fort Wayne officials said that their district used ESF funds to replace one-time State funding cuts and spent or planned to spend all of its ESF and Ed Jobs funds for salaries and benefits. Similarly, Jefferson County officials reported that Kentucky’s governor used ESF funds to fill the gap between the amount of State funds appropriated using the State funding formula and the amount needed to guarantee the base per-pupil funding. Thus, Jefferson County used all of its ESF funds for salaries and benefits because it received the funds as part of the district’s General Fund appropriations.

Edinburg officials said that actions taken by the Texas State legislature prompted the district’s decision to use ESF funds to pay salary increases for teachers, speech pathologists, librarians, counselors, and nurses. As described in Section 1 of this report, in 2009 the State legislature authorized but did not provide funds for the salary increases. Edinburg officials said that they also decided to use ESF funds to increase the salaries of employees not covered by the legislative mandate.

Officials in several school districts said that SEA guidance affected how the districts spent ESF and Ed Jobs funds. For example, the New Jersey SEA encouraged school districts to delay spending their Ed Jobs funds until FY 2012 and to use the funds to support classroom activities. The New Jersey SEA also advised school districts to spend ESF funds on high-quality pre-K programs and on activities that prepare high school students for college and careers.

Officials in Omaha said the Nebraska SEA limited the district’s flexibility in deciding how to spend Recovery Act Title I funds. District officials said they wanted to spend different amounts on different grade spans (elementary, middle, and high school). The officials said that they believed that they would produce better long-term outcomes by spending more on students in elementary schools and on interventions at early grade levels. However, the Nebraska SEA required Omaha to use a base amount for each of the district’s three grade spans based on State requirements.

Local Planning Considerations and Challenges

School districts also considered their own educational priorities and input from stakeholders as they planned how to spend and administer the stimulus grants. District officials cited challenges such as the limited time they had to plan for the use of stimulus funds and the administrative burden associated with receiving the funds.

To develop plans for spending stimulus funds, officials in most of the 22 school districts said they followed the planning and decisionmaking processes that the districts used to develop their regular budgets. Several of these districts had existing strategic plans that provided a blueprint for deciding how to spend the stimulus funds. The strategic plans generally laid out a district’s educational priorities.
For example, Providence officials said the district’s plans for spending stimulus funds focused on the specific goals in the district’s existing strategic plan. Some of the activities also involved funding from multiple sources. In Cherry Creek, district officials said they used the district’s existing strategic plan as a baseline and combined stimulus funding with funding from several other sources to implement projects intended to serve a variety of student populations.

The districts’ planning processes also involved planning teams that included school administrators, supervisors, teachers, and budget personnel, along with input from external stakeholders such as school boards, parent teacher associations, employee unions, and community groups. For example, Albuquerque officials said their district’s planning and decisionmaking process involved the superintendent, five associate superintendents, the chief academic officer, the chief operating officer, and the chief financial officer. Principals and school board officials also participated in the planning and budgeting process. Officials at several school districts said that coordinating their planning processes gave the districts the most value for the money spent and enhanced their ability to serve students.

**Side Bar**  
*Wichita’s budget process, which was the same for both regular and stimulus funds, illustrates how the district involved the community in developing the district’s plans for spending funds. Wichita routinely held “Board’s Night Out” meetings, which were usually attended by about 100 community members, including parents and business owners, as well as principals and assistant principals from district schools. Attendees had the opportunity to offer their opinions on the programs, activities, and staffing levels that could be funded with revenues from all sources, including stimulus funds.*

Not all of the districts in our review used input from external stakeholders as they planned how to use their stimulus funds, nor did all of the districts consider all funding sources together. In Hawaii, the Superintendent and Special Education Administrator established the initiatives and goals for the district’s Recovery Act IDEA funds and decided how the district would spend all of the funds. In Edinburg, officials said the district developed plans for spending its Recovery Act IDEA funds separately from plans for other stimulus or regular IDEA funds.

A challenge cited by officials in several school districts was the limited time they had to develop spending plans for the districts’ stimulus funds, especially because the funds were one-time in nature. For example, officials from Newark and the New Jersey SEA told us that the biggest challenge the district faced was not having enough time to develop plans for spending the stimulus funds. Officials in other districts reported that having an existing strategic plan helped them develop plans for spending stimulus funds more quickly and thoughtfully than they would have been able to do otherwise.

Another challenge that officials in several school districts said they faced was the additional requirements for administering stimulus funds. For example, Lee County officials said the State’s application process for stimulus funds was complicated. Lee County officials also said that the Recovery Act’s Section 1512 reporting was an added responsibility. However, they understood the need to report information on how the district used the taxpayers’ money and said that the district absorbed the extra workload and cost without significant negative effects. Similarly, Providence officials said their biggest...
challenge in administering stimulus funds was the additional planning and reporting requirements without additional personnel resources.

Using stimulus funds in place of State funding for personnel costs might have helped a school district minimize administrative burdens and costs. For example, officials in two districts said that only a few accounting entries were needed to transfer the salary costs from State funds to stimulus funds. To help with stimulus grant administration, two districts used Recovery Act IDEA funds to hire personnel to oversee the districts’ use of IDEA grant funds.
SECTION 4: What Results Did School Districts Identify?

Officials in the 22 school districts covered in our review identified positive results from spending stimulus funds, such as creating and retaining jobs, improving student academic achievement, or pursuing educational reforms. Officials from several districts said those services and activities would not have been possible without the supplemental funding. However, measuring and interpreting results can be challenging. For example, oversight agencies and district officials have questioned the validity and accuracy of jobs data that stimulus fund recipients are required to report. Additionally, improvements in an area such as student academic achievement may be attributable to a variety of factors, only one of which may have been an activity or program that stimulus funds supported. We describe officials’ perspectives on how their districts’ use of stimulus funds supported educational reforms in Appendix 2. We did not validate the districts’ reported results described in this section.

Jobs Data Under Recovery Act and Ed Jobs Grants

One of the express purposes of the Recovery Act and Ed Jobs statute was to create and retain jobs, and officials at the 22 districts reported jobs as a common positive result from spending stimulus funds. Stimulus funds temporarily helped school districts maintain existing services by stabilizing staffing levels in the classroom. Officials in half of the 22 districts reported they used or planned to use stimulus funds to avoid layoffs that might have occurred or become necessary absent the funds. District officials said they also used stimulus funds to hire specialists and instructional coaches and to expand services for educationally disadvantaged students and students with disabilities. Additionally, school districts used the funds for teacher salaries to maintain lower class sizes.

Although districts reported funding jobs as a positive result, quantifying this result is problematic. OMB initially required recipients of Recovery Act funds to estimate the number of jobs cumulatively each calendar quarter. This effectively led to recipients determining whether jobs were created or retained as a result of the Recovery Act and adding together various data on the number of hours worked across multiple quarters. Under OMB Memorandum M-09-21, recipients were instructed to express the number of estimated jobs as full-time equivalents which, according to the guidance, “is calculated as total hours worked in jobs created or retained divided by the number of hours in a full-time schedule, as defined by the recipient . . . .” To perform these calculations recipients needed to continually track the total number of hours worked that were funded by the Recovery Act. In December 2009, OMB Memorandum M-10-08 further refined the number of jobs reported so that “jobs created or retained” would be defined by “jobs funded” to make recipient reporting easier and reported jobs information less confusing. Under the revised guidance, recipients no longer had to track data across multiple quarters to achieve the cumulative reporting requirement and no longer had to make a subjective judgment on whether jobs were created or retained because of the Recovery Act.13

Reporting the number of jobs funded did not make interpreting the jobs data reported in the Section 1512 reports less difficult in some situations. The contrasting conditions at the Wichita and Cherry

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13 Because States aggregated Section 1512 data, jobs information for individual school districts is not available on the Recovery.gov Web site. District-level information may be available on a State’s Recovery Act Web site.
Creek school districts highlight the difficulty. Wichita was one school district in our review that used stimulus funds to maintain existing staff levels at or near prerecession levels or to expand services by hiring additional instructional staff. Although the State had increased education funding to its districts before the recession, State funding in Kansas declined after the recession began. In response to reduced revenues from the State, Wichita officials said they used stimulus funds to retain teachers and rehire staff, including spending Recovery Act IDEA funds on special education teachers and paraprofessionals to maintain existing services and activities. It also used a portion of its Recovery Act Title I funds to rehire laid-off staff for positions at 17 new Title I schools and to pay for 90 instructional coaches who were existing teachers that transferred into these new positions. Wichita officials said they used stimulus funds to maintain personnel levels for about 6,500 staff at or near prerecession levels through the 2010–2011 school year. Thus, in Wichita, the jobs reported for those quarters actually represent specific jobs or new positions that the district filled with existing or rehired staff because of stimulus funding.

In comparison, Cherry Creek used stimulus funds to pay salaries or benefits as a means of simplifying grant administration because it needed only a few accounting entries to convert the expenditures from State funds to stimulus funds. In this case, the reported jobs numbers represent existing full-time equivalent positions funded rather than specific new or saved jobs. Cherry Creek had received ESF and Ed Jobs funds in place of State funds as part of a midyear budget adjustment. The district changed the revenue source for salary costs that it charged from State funding to ESF and Ed Jobs funds by making a few accounting adjustments. In accordance with OMB’s December 2009 guidance for jobs reporting, the district reported the number of full-time equivalent positions that were funded with stimulus funds. However, a Cherry Creek official said the State’s midyear budget action did not jeopardize any of the more than 500 full-time equivalent positions that the district reported to the Colorado SEA. As a result, this district official questioned the usefulness of the district’s jobs information that was included in the State’s Section 1512 report because it did not represent created or retained jobs. Further, in a previous OIG audit of Utah’s use of Recovery Act funds, we found that the State legislature had required school districts to use a portion of their ESF grants to pay for Social Security and retirement fund contributions for school teachers. Although these uses did not involve direct funding for specific jobs, Utah reported the number of full-time equivalents for those teachers funded by such expenditures.14

Moreover, the OIG and other Federal agencies have questioned the validity of the jobs data. The OIG, GAO, and other oversight agencies have reported inconsistent and inaccurate jobs reporting under the Recovery Act. In the second phase of the OIG’s Recovery Act work, we issued several State-specific reports questioning the quality of the jobs data reported by SEAs and school districts, as listed in Appendix 4. In May 2010, GAO reported that school districts’ methods for estimating the number of full-time equivalent positions paid with Recovery Act funds varied widely. GAO also reported that some school districts made errors that resulted in overreporting or underreporting the number of jobs. In September 2010, the Recovery Accountability and Transparency Board similarly reported that jobs data

were problematic. The report stated that many recipients and subrecipients, including school districts, reported jobs data that had data quality issues such as incorrect or omitted data or that were not consistent with Federal guidance.\(^{15}\)

**Educational Reforms**

As discussed in the Background section, we categorized school districts’ use of stimulus funds into four broad areas, consistent with the educational reforms stated in the Recovery Act and Department guidance: innovative education, improving schools, raising student academic achievement, and implementing local or supporting State education reform initiatives. We asked officials in the 22 school districts included in our review to describe how their use of stimulus funds supported these four areas of reform.

Officials in more than half of the 22 districts told us that they used Recovery Act Title I or IDEA funds to support one or more of the educational reforms. For example, Rapid City officials said that they used Recovery Act Title I funds to develop a longitudinal data system and common academic assessments intended to advance the district’s reform efforts. Fort Wayne officials said that they used Recovery Act Title I and IDEA funds to help raise teacher and student performance by hiring instructional coaches and interventionists on a larger scale and more quickly than they could have without the funds. The officials said that the funds helped the district improve its early literacy benchmarks and students’ achievement on the statewide assessment. They also said that Fort Wayne used Recovery Act IDEA funds to hire interventionists to work with students who needed additional academic and other support to succeed in a general education classroom. The officials said that the interventionists helped reduce the number of students identified as needing special education and related services.

Officials in almost half of the 22 school districts said they used Recovery Act Title I and IDEA funds for services and activities intended to help improve student academic achievement or graduation rates. For example, Jefferson County officials said they used Recovery Act Title I funds to enhance technology and provide teachers with the tools they needed to help improve student academic performance. The officials said that as a result, students who attended Title I schools improved their reading and math scores on the State assessment more than students in non-Title I schools in the 2010–2011 school year. Similarly, Caddo officials said the district’s use of Recovery Act Title I funds to enhance existing services and activities helped to improve students’ reading scores and increase graduation rates. In late 2011, the OIG began a separate review examining the integrity of the results of students’ performance on statewide assessments.

**Ability to Measure Results**

Officials in several districts said that they attempted to measure results but noted that attributing improvements to their use of stimulus funds might not be appropriate. The officials stated that they

used multiple funding sources to make strategic investments in activities intended to improve student academic achievement. As a result, improvements in student academic achievement could be partly attributable to other funding sources, services, and activities. For example, Lee County and Cherry Creek officials said they believed that attributing improvements in student academic achievement solely to their districts’ use of stimulus funds could be problematic. Officials in several other school districts said they did not attempt to measure results tied to their uses of stimulus funds.

Additionally, the ways that districts used their stimulus funds might also make it difficult to measure the benefits achieved. For example, many districts used Recovery Act Title I and IDEA funds for professional development. Isolating and quantifying the benefits that teachers and other instructional staff obtained directly from this stimulus-funded activity and how that might translate to improved student academic achievement would be difficult.

States were not required to include information on student academic achievement, graduation rates, or other outcomes in their quarterly Section 1512 reports. However, other Department reports and data collection efforts may capture results that could be attributable to States and school districts’ use of stimulus funds. For example, the Recovery Act required each State to submit an annual State Fiscal Stabilization Fund report to the Department. In its annual report, a State had to describe how it used the funds, identify the number of jobs it supported with the funds, and provide information on the State’s progress in achieving educational reforms in areas such as highly qualified teachers, longitudinal data systems, and assessments for limited English proficient students and students with disabilities. States also submit annual performance reports to the Department for the Title I and IDEA programs. Although the annual Title I and IDEA reports do not distinguish between Recovery Act and regular Title I and IDEA funds, States report on program performance related to student academic achievement and graduation rates. The performance results achieved could be attributable at least in part to the States’ and districts’ use of Recovery Act Title I and IDEA funds. In addition to the reports that States submit, in August 2010 the Department’s Institute of Education Sciences began a 4-year, comprehensive, nationwide evaluation of Recovery Act funding, implementation, and outcomes.
SECTION 5: Will School Districts Face Funding Cliffs?

The Department’s Recovery Act guidance stated that school districts should invest the one-time Recovery Act funds thoughtfully to minimize funding cliffs. A funding cliff is the inability to sustain activities or services after stimulus funds are no longer available. The presence of a funding cliff does not mean that a district’s use of stimulus funds was unsuccessful or did not achieve the intended result. A funding cliff could occur under the following scenarios:

- A school district used stimulus funds for expanded or new services or activities but did not identify an alternative funding source to use once the stimulus funds were no longer available.
- A school district used stimulus funds to maintain existing services but State or local revenue shortfalls continued beyond the period that stimulus funds were available.

Officials in the 22 school districts in our review expected to face more funding cliffs for activities paid with ESF and Ed Jobs funds, which they more often used to maintain existing services, than those paid with Recovery Act Title I and IDEA funds, which they more often used to expand or add new services. School districts approached potential funding cliffs in different ways. Several districts delayed the use of their Ed Jobs funding to prevent or postpone funding cliffs. In other districts, officials said that they planned to address funding cliffs by prioritizing spending and reducing costs. Officials at a few districts said that they planned to avoid funding cliffs by using revenue from other sources to replace stimulus funding.

ESF and Ed Jobs Funding Cliffs Related to Maintaining Existing Services

The 22 districts used almost all of their ESF and Ed Jobs funds to maintain existing services and activities at prerecession levels, as described in Section 1. Officials from almost half of the 22 school districts said that they would face significant funding cliffs after ESF and Ed Jobs funds were no longer available. These districts generally used ESF and Ed Jobs funds in place of State funding that would normally support personnel costs. Officials did not expect this funding to rebound after the ESF and Ed Jobs funds were no longer available. For example, San Juan officials said they used most of the district’s ESF and Ed Jobs funds to preserve jobs because of the severity of State budget reductions. They also said that the district would likely face a significant funding cliff when ESF and Ed Jobs funds were no longer available unless State or local revenues improved significantly. Similarly, Mesa officials said that the district might not be able to retain jobs funded with ESF and Ed Jobs because they did not expect State funding to rebound sufficiently for the 2011–2012 school year.

Officials in several of the 22 districts planned to use Ed Jobs funds during the last year of the grant period to stabilize their budgets and delay or prevent possible funding cliffs. They said that they planned to delay the use of Ed Jobs funds until FY 2011–2012, after the grant period for Recovery Act Title I, IDEA, and ESF had ended. For example, Jefferson County officials said they planned to use their Ed Jobs funds in FY 2011–2012 to postpone the funding cliffs that were anticipated when Recovery Act Title I and IDEA funds were no longer available. As of May 2011, Jefferson County officials said they had not identified a continuing funding source for more than 200 positions to be funded by Ed Jobs. In its
September 2011 report, GAO reported that almost half of the LEAs responding to a nationwide survey planned to spend at least 75 percent of their Ed Job funds in the 2011–2012 school year, which could mitigate some of the effects of funding cliffs once Recovery Act ESF, Title I, and IDEA funds were no longer available.¹⁶

In some cases, districts in our review planned to use Ed Jobs funds during the last year of the grant period but spent them earlier due to changing circumstances. For example, Seattle officials said that they originally planned to use their Ed Jobs funds during the 2011–2012 school year after Recovery Act Title I and IDEA funds were no longer available. However, the State subsequently reduced the district’s basic education funding for the 2010–2011 school year, so Seattle used all of its Ed Jobs funds from November 2010 through May 2011 to mitigate the State funding reduction and preserve jobs.

**Recovery Act Title I and IDEA Funding Cliffs Related to Expanded or New Services and Activities**

Most of the 22 school districts used or planned to use Recovery Act Title I and IDEA funds to expand existing services and activities or offer new ones, as described in Section 1. Officials in most of these districts said funding cliffs would not be a problem or would be only a moderate problem after the funds were no longer available. Several districts attempted to avoid funding cliffs or reduce their effect by spending the funds on one-time purchases, such as interactive whiteboards, computers, instructional materials, professional development, and temporary staff positions.

Officials in several districts said they used or planned to use Recovery Act Title I funds to hire additional staff and fund new services and activities, which in some cases may result in funding cliffs. For example, Caddo officials told us they used Recovery Act Title I funds to hire teachers to tutor at-risk high school students and prepare them to take the high school exit exam. The district also hired interventionists to help teachers improve elementary school students’ reading skills. Caddo officials said they would cut some Title I programs when the Recovery Act Title I funds were no longer available but hoped that retirements and resignations would help the district avoid layoffs.

Officials in a few districts said they used stimulus funds for unsustainable activities because they wanted more students to benefit from the one-time infusion of supplemental funds. For example, Wichita used Recovery Act Title I funds to expand Title I services and activities to 17 additional schools. Districts officials expected a funding cliff when the funds were no longer available. They anticipated that the district would use regular Title I funds to continue support for only 6 of the 17 recently added schools in FY 2011–2012 and that the district would reduce overall staffing by about 68 positions.

**Side Bar Clark County Expected Funding Cliffs.** Clark County used Recovery Act Title I funds to nearly double the number of schools supported with Title I funds. District officials said they used about two-thirds of the funds for personnel salaries and benefits and the remaining funds primarily for professional development, training materials, and technology upgrades at the new Title I schools. Clark County

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officials said they expected a funding cliff after the Recovery Act Title I funds were no longer available because State funding would likely not sustain the services and activities at the additional schools. For Recovery Act IDEA, district officials said they used a portion of the funds for State-mandated services such as transportation, and speech, occupational, and physical therapy for students with disabilities. Without State funding to sustain these services, the officials expected to reduce discretionary programs and services to address future revenue shortfalls.

**District Approaches to Funding Cliffs**

Officials in several districts did not expect to face funding cliffs because they anticipated revenues from other sources to replace stimulus funding. For example, Providence officials said that when stimulus funds were no longer available, the State planned to restore the district’s funding to prerecession levels by using other revenues such as from a video lottery and possibly by raising property taxes. In Rapid City, the district used ESF and Ed Jobs funds to offset the loss of general State aid for FY 2008–2009 through FY 2010–2011. District officials said that in FY 2011–2012, they did not expect a funding cliff because the State would provide Rapid City with State aid based on the per-student funding formula, as it did prior to FY 2008–2009.

Officials in most districts said that they planned to address funding cliffs and continue essential services by prioritizing spending and reducing costs. However, to cope with the recession’s prolonged effect on revenues, they said that difficult choices might be necessary, such as reducing staffing levels or scaling back educational services. For example, Omaha officials said that the district received ESF funds as part of their general State aid and used about half of the funds for services and activities that were previously paid with State funding. However, they expected an $8 million revenue shortfall in FY 2011–2012 related to activities that were funded by Recovery Act IDEA and ESF. The district planned to reduce its budget by eliminating some administrative and paraprofessional positions, increasing class sizes, and scaling back activities that require pay for substitute teachers or work outside of regular hours.

Similarly, Albuquerque planned to mitigate revenue shortfalls in 2011–2012. Its nonstimulus revenues declined by about 40 percent from FY 2008–2009 through FY 2010–2011. Albuquerque officials said that they expected to cut each school’s budget by about 5 percent and departmental office budgets by about 13 percent. The district also planned to cut nearly 400 positions. Officials in a few districts said that they had used or planned to use budget reserves to replace revenue shortfalls.

Several districts would rely on cost-cutting measures and retirements and resignations to help reduce personnel costs and avoid layoffs. For example, Clark County officials said that they planned to address Recovery Act Title I and Ed Jobs funding cliffs by reassigning administrators to instructional positions, increasing class sizes, and leaving positions unfilled when employees retire or resign. In New York, district officials said that they expected a funding cliff of about $275 million when stimulus funds were no longer available. To avoid laying off teachers, the officials said that they planned to reduce expenses at the district’s central and field offices and to reduce school budgets.

In some cases, continued economic weakness may lead to lower revenues per student and larger class sizes. We estimated that FY 2011–2012 per-student revenues in about half of the 22 districts would be
less than the FY 2007–2008 per-student revenues, by an average of about 10 percent. We also estimated that FY 2011–2012 student-teacher ratios in most of the districts would be higher than the FY 2007–2008 student-teacher ratios by an average of about 8 percent. For example, San Juan officials said that they increased K–3 class sizes by 15 percent in the 2010–2011 school year in response to revenue shortfalls. The officials also said that they expected to increase class sizes by an additional 30 percent in the 2011–2012 school year because of continuing revenue weakness.\[^7\]

\[^7\] We estimated per-student revenues and student-teacher ratios based on unaudited information and estimates (revenue, enrollment, teachers) provided by school district officials primarily during spring 2011.
SECTION 6: Summary and Observations

The Recovery Act and Ed Jobs statute provided much-needed financial support to education programs. SEAs and school districts benefited from the additional funding provided during a period when shortfalls in State and local revenues were commonplace. However, the stimulus funds also contributed to unanticipated or unintended consequences associated with how school districts used the funds. In this section, we provide our observations about the Recovery Act goals and purposes, the districts’ use of funds and ability to spend the funds, and performance measurement based on our review of how 22 school districts used stimulus funds. We believe these observations provide insights for policymakers if they consider another economic stimulus program for elementary and secondary education in the future.

Spending Recovery Act Funds Quickly but Wisely

The Recovery Act’s overall goals were to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of the nation. To help drive the nation’s economic recovery, Department guidance urged States and LEAs to move quickly to develop plans for using stimulus funds and to promptly begin spending the funds. The guidance also instructed States and LEAs to spend Recovery Act funds wisely to strengthen education, drive reforms, and improve results for students. The 22 school districts in our review developed plans to strike a balance in achieving these goals, given their economic situations and the grants’ purposes.

- The districts generally spent their stimulus funds in a deliberate manner over the course of the respective grant periods. With 80 percent of the grant period elapsed as of March 31, 2011, the districts had spent about 80 percent of their Recovery Act Title I, IDEA, and ESF grant funds combined. By the end of the grant period, districts had spent all of their ESF and more than 99 percent of their Recovery Act Title I and IDEA funds. School districts that faced significant revenue shortfalls tended to spend their ESF and Ed Jobs funds more quickly than their Recovery Act Title I and IDEA funds. (See Section 3 for discussion on planning and Table 2 in Section 2 for the percent of stimulus funds spent.)
- Rather than spending the funds quickly, districts facing future economic uncertainty decided to defer some stimulus spending, which diminished immediate economic impacts. For example, several districts planned to delay spending all of their Ed Jobs funds until FY 2011–2012. These districts were not sure when State and local revenues would rebound and wanted to maintain existing staffing levels. (See Section 5 for discussion on the use of Ed Jobs funds to delay or prevent funding cliffs.)
- Some districts found it more challenging to spend Recovery Act Title I and IDEA funds quickly because the Recovery Act significantly increased the amount of funds available and districts could use the funds only for educationally disadvantaged students and students with disabilities, respectively. The funding increased significantly, but district officials told us that the student populations served by the funding generally remained constant. Thus, accomplishing the Recovery Act’s goals by identifying effective uses for
the funds while spending the funds quickly was more difficult. Consequently, achieving an immediate economic impact when supplementing existing grant programs was more challenging. In contrast, ESF and Ed Jobs were new grant programs. ESF had few restrictions and could be used as general assistance. Ed Jobs could be used for personnel serving the general student population as well as the Title I and IDEA student populations. (See Section 3 for discussion on planning for the uses of Title I and IDEA funds and Section 2 for the Title I waivers and unspent IDEA funds.)

Fiscal Relief and Educational Reforms

As described in the Background section, the Recovery Act authorized new Federal funding under the State Fiscal Stabilization Fund to provide fiscal relief to States. For the ESF portion of the funding, the Act required States to first use the funds to restore the level of State support for elementary and secondary education and public institutions of higher education, and then award any remaining funds to school districts. The Act allowed school districts to use ESF funds for a broad range of education-related activities, or for modernization, renovation, or repair of public school facilities. Department guidance stated that because the Recovery Act gave school districts flexibility on how to use ESF funds, governors and SEAs could not mandate or limit how districts used the funds. For school districts, Department guidance stated that, in addition to restoring services and activities that were eliminated by budget reductions, a district could use its ESF funds to advance educational reforms. The Ed Jobs statute also authorized new Federal funding for school districts. The law required districts to use Ed Jobs funds to support education jobs.

• Many of the 22 districts used ESF funds to offset or restore reductions in State or local funding. Therefore, ESF did not increase these districts’ overall funding. As a result, district officials felt they had little or no discretion on how to use ESF funds and used the funds for operational expenses that were previously paid with general State aid or local funds. In addition, several States provided direction to districts on the use of the funds. (See Section 3 for discussion on State action, Section 1 for the use of funds, and Appendix 2 for district snapshots.)

• As described in the Background section, to receive ESF funds governors had to provide assurance that his or her State would address the educational reforms specified in the Recovery Act. Although this assurance did not mandate specific uses of ESF funds, Department guidance encouraged districts to use ESF funds in ways that were most likely to help the State further educational reforms. Although several districts used the funds for activities intended to support or expand reform initiatives, many of the districts in our review did not because they had to use ESF to offset State or local funding cuts and maintain existing services and activities. In comparison, the districts in our review more often used Recovery Act Title I and IDEA funds to advance educational reforms. (See Section 4 for discussion of educational reforms and Section 1 for use of funds.)

• Similar to the way they used ESF, many districts used Ed Jobs funds to replace shortfalls in State or local funding. Officials in these districts said they had little or no discretion
but to use the funds to maintain existing teaching positions. (See Section 3 for discussion on State actions, Section 1 for the use of funds, and Appendix 2 snapshots.)

**Districts’ Use of Funds**

How the 22 districts used stimulus funds varied by grant and by district. Districts primarily used ESF and Ed Jobs funds to maintain existing services and activities by supporting direct personnel costs (salaries and benefits). In contrast, districts were more likely to use Recovery Act Title I and IDEA funds in a variety of ways to expand existing services and activities, or offer new ones. Additionally, the one-time nature of the grants and the potential for funding cliffs may have affected district decisions to use stimulus funds for short- or long-term projects.

- The Recovery Act specified few restrictions on how ESF funds could be used. However, most of the 22 districts used the funds to achieve shorter term benefits such as covering payroll costs. These districts faced adverse fiscal situations following the 2008 recession including reductions in State funding. They used ESF funds primarily to retain existing teachers and other staff and avoid layoffs. Some districts could use their ESF funds only to reduce the number of layoffs because the stimulus funds were not sufficient to completely weather the recession. Few districts used their ESF funds to expand existing services and activities or offer new ones. (See Section 1 for discussion on the use of funds.)

- The Recovery Act generally doubled the amount of districts’ Title I and IDEA funds and significantly increased funding for the student populations served by these programs. Districts typically used a greater portion of their Recovery Act Title I and IDEA funds to expand existing or offer new services and activities, compared to ESF and Ed Jobs. They also typically used the funds for services and activities intended to provide longer-term benefits, such as purchasing new instructional materials for Title I schools or technology for students with disabilities. The 22 districts used Recovery Act Title I and IDEA funds to support specific educational reform goals more often than ESF funds. As a result, educationally disadvantaged students and students with disabilities might have experienced more direct benefits related to educational reform from the Recovery Act than the student population as a whole. (See Section 1 for discussion on the use of funds and Section 4 for reforms.)

- A goal of the Recovery Act was to encourage investment in infrastructure that would provide long-term economic benefits. However, only one of the 22 districts spent stimulus funds on a major infrastructure project: Virginia Beach used ESF funds to partially fund construction of a new energy-efficient building to replace an old elementary school. Districts might have avoided using their ESF funds for construction projects when the State provided ESF funds in place of State funds; the district faced an adverse fiscal situation; or the district did not want to assume the administrative burden associated with complex, long-term contracts. Additionally, the grant period for one-time stimulus funds might have precluded such major projects unless the district was
ready to begin the project immediately. (See the Virginia Beach snapshot in Appendix 2 for more information on the district’s school construction.)

- The potential for funding cliffs also limited districts’ options as they planned how to use their stimulus funds. Many school districts used at least a portion of their stimulus funds for services and activities that required only one-time or short-term outlays to avoid funding cliffs when the funds were no longer available. Often these expenditures, such as professional development and technology, had long-term benefits. However, districts may have found it difficult to spend funds on initiatives that were intended to provide long-term benefits but required longer term funding. For example, a district may have been reluctant to take on a project that could take several years to complete, such as a new assessment system or a construction project, if the district did not have alternative funding to continue the project when stimulus funds were no longer available. (See Section 5 for discussion of funding cliffs.)

Unspent Funds
For the three Recovery Act grants covered by our review, most districts were able to spend all or nearly all of their funds within the grant period. The 22 districts spent all of their ESF funds. However, spending all of their Title I or IDEA funds (regular or supplemental Recovery Act funds) within the grant period was more challenging for some districts. Seven of the 22 districts had Recovery Act Title I funds remaining at the end of the grant period. Five districts did not spend all of their Recovery Act IDEA funds.

- The Department monitored States’ grant balances and continued to work with States to ensure FY 2009 grant funds, including Recovery Act funds, were obligated by the end of the grant period. Nine days before the end of the grant period, the Department invited SEAs to request a waiver to extend the grant period for Recovery Act Title I and other grant funds for an additional year to enable their districts to spend the remaining funds. Of the 22 States covered by our review, 16 (including the District of Columbia) received the waivers to extend the grant period for Recovery Act Title I funds. According to Department officials, the Department intentionally offered the waiver late in the grant period because it had previously encouraged States and school districts to carefully plan for the timely use of the funds. The Department’s general premise was to identify cases where States needed additional flexibility to avoid layoffs or postpone hiring for the 2011–2012 school year if unobligated FY 2009 funds could be used to create or retain jobs. However, if the Department had offered the waiver earlier in the grant period, districts could have had more time to implement their plans or develop new plans for using remaining Recovery Act Title I grant funds and might have used the funds differently. (See Section 2 for discussion of unspent funds.)

18 The Department did not have the authority to extend the grant period for ESF and Ed Jobs funds.
Further, significant spending at the end of a grant period could increase the risk that a grantee might use Federal grant funds for unnecessary or unallowable goods or services to avoid forfeiting or returning the unspent funds. The Department could have reduced this risk by offering the waivers to extend the grant period earlier.

- Because the IDEA does not allow waivers to extend the grant period, the Department did not offer a similar waiver for Recovery Act IDEA funds even though funding for the IDEA program also increased significantly under the Act. As a result, the five districts that did not spend all of their funds by the end of the grant period forfeited those funds. (See Section 2 for discussion of unspent funds.)

**Performance Measurement**

Unprecedented levels of accountability and transparency were a hallmark of the Recovery Act. Recipients of the stimulus funds had to comply with reporting requirements specified in the Recovery Act, such as quarterly reports on the status of grant funds and the number of jobs created and retained. For Recovery Act Title I and IDEA, the Department required States to submit annual reports on program-specific performance measures such as student academic achievement and graduate rates. Despite efforts to collect performance information, measuring performance was problematic.

- The 22 districts in our review most commonly identified the number of jobs supported with stimulus funds as a positive result. However, the reported number of jobs did not always represent new or specific jobs. Some districts used the stimulus funds in place of other funds that previously supported personnel costs. The jobs that these districts reported as paid by stimulus funds might not have been in jeopardy. (See Section 4 for discussion on jobs funded by stimulus funds.)

- When a State used ESF and Ed Jobs funds to replace general State aid to school districts, the results were difficult or impossible to track and measure. Even more difficult would be determining the results derived from the State funds that might have been reprogrammed for other State purposes. (See Section 4 for discussion on jobs funded by stimulus funds.)

- How districts used their stimulus funds also makes it difficult to measure results not related to personnel or jobs, such as how the use of Recovery Act Title I and IDEA funds for professional development and new technology affected student academic achievement. Isolating the causes and quantifying student outcomes attributable to these activities would be difficult. (See Section 4 for discussion on measuring results.)
Appendix 1. Scope and Methodology

The overall objective of our review was to determine how selected school districts used Recovery Act and Ed Jobs funds. Specifically, we (1) identified and categorized how 22 school districts spent stimulus funds, (2) assessed whether the districts would spend stimulus funds by the end of the respective grant periods, (3) identified the factors influencing how the districts spent stimulus funds, and (4) assessed whether the districts’ use of stimulus funds would result in unsustainable commitments or “funding cliffs.” We also obtained school district officials’ perspectives on results they identified from spending stimulus funds. Our review covered the school districts’ actual and planned uses of stimulus funds as of March 31, 2011. We subsequently obtained updated information from the 22 school districts on the amount of stimulus funds received, spent, and remaining as of December 31, 2011.

Our review covered the three largest education-related Recovery Act grant programs and the Ed Jobs program at the 22 school districts listed in Figure 1. For each grant program, the original authorizing statute, program name, and Catalog of Federal Domestic Assistance number assigned for grant-tracking purposes are as follows:

- ESF. American Recovery and Reinvestment Act, Title XIV, State Fiscal Stabilization Fund, Education Stabilization Fund (84.394);
- Recovery Act Title I. Elementary and Secondary Education Act of 1965, as amended, Title I, Part A, Basic Grants to Local Educational Agencies (84.389);
- Recovery Act IDEA. Individuals with Disabilities Education Act, as amended, Part B, Section 611, Special Education Grants to States (84.391); and

We performed work at 22 school districts and their corresponding SEAs. We judgmentally selected the 22 school districts from a universe of more than 13,000 school districts to provide a perspective on how the selected districts weathered the 2008 recession and used stimulus funds. The 22 school districts provided a cross section of characteristics including (1) geographic location with one district in each of 22 States, as illustrated in Figure 1; (2) small (5,000 students or fewer) to large (more than 50,000 students) districts; (3) economic condition in terms of States and counties experiencing low to high fiscal stress, unemployment levels, and proportion of children ages 5 to 17 living in poverty; and (4) level of Federal support. We also considered previous Recovery Act audit coverage by OIG and GAO.

19 To assess States’ overall fiscal stress, we reviewed each State’s January 2010 Standard and Poor’s credit rating and FY 2008–2009 and FY 2009–2010 budget gaps as reported by the National Conference of State Legislatures (as of January 2009) because school districts typically rely on significant levels of funding from their respective State. We considered fiscal stress as a measure of a State’s ability to fund school districts given the State’s overall fiscal situation. Our review included districts in the five States ranked as having high fiscal stress—Arizona, California, Hawaii, Louisiana, and Nevada. Sixteen districts in our review were located in States experiencing moderate or low fiscal stress. Key metrics data were not available for the District of Columbia, so we could not assess its fiscal stress.

20 The 22 school districts’ level of Federal support ranged from 3.6 to 16.2 percent in the 2007–2008 school year based on the proportion of district revenues from Federal sources.
We gained an understanding of the four grant programs by reviewing applicable laws, regulations, and guidance. We also reviewed State and school district financial and Single Audit reports, other available State and local reviews, previous OIG and GAO Recovery Act reports, and Department program monitoring reports. We reviewed these documents for background information about State and local implementation of the Recovery Act and potential issues at each of the 22 school districts and their corresponding States.

We performed the following procedures at each school district included in the review:

- interviewed fiscal officials to obtain an overview of the 2008 recession’s impact on revenues from State and local sources;
- interviewed fiscal and program officials responsible for administering the stimulus grants covered in our review to learn about the district’s (1) operating environment; (2) planning and budgeting process; (3) actual and planned use of stimulus funds as of March 31, 2011; (4) potential to experience funding cliffs or not spend all of its stimulus funds within the respective grant period; and (5) results from spending stimulus funds;
- reviewed available planning, budget, and financial documents to corroborate testimonial evidence; and
- reconciled information on grant amounts, receipts, and expenditures with similar information obtained from the corresponding SEA to assess the completeness and accuracy of the district’s accounting records.

For each district, we performed the following procedures at the corresponding SEA:

- interviewed officials to obtain an overview of the economic conditions existing before, during, and after the 2008 recession and the recession’s effect on State revenues supporting public education; and
- reviewed financial information on State allocations, grant awards, and disbursements of stimulus funds to the selected school districts through March 31, 2011, and stimulus expenditures that the State included in its Section 1512 report for the quarter that ended March 31, 2011.

In some States, we also met with State officials from the governor’s office, legislative agencies, and audit organizations to obtain additional information on statewide economic conditions. Finally, we discussed our results with SEA and school district officials.

We relied primarily on testimonial evidence provided by appropriate school district fiscal and program officials. To confirm the reasonableness of testimonial evidence, we corroborated financial information by reviewing available budget and financial reports and other documentation and reconciling key financial data such as grant awards, SEA disbursements, and school district receipts and expenditures. For nonfinancial information such as program goals, factors influencing decisionmaking, and results, we generally corroborated the information by interviewing officials from different district departments and
reviewing available documentation. SEA and school district officials also verified the accuracy of specific school district examples in this report, including the information in Appendix 2.

We also relied on computer-processed data contained in the school districts’ accounting and financial systems for purposes of determining revenue and expenditure amounts and our characterization of expenditure categories. At each district, we assessed the reliability of the computer-processed data by performing procedures such as (1) reconciling the district’s stimulus grant data with the corresponding SEA’s records, (2) reviewing the district’s most recent financial and Single Audit reports for findings related to internal controls that might negatively affect data reliability, and (3) interviewing district officials to gain an understanding of how they developed projections of future revenues and expenditures. Based on our assessment, we determined that the computer-processed data were sufficiently reliable for the purposes of this review.

This report illustrates conditions related to the use of stimulus funds at 22 school districts. Because we did not use statistical sampling methods to select school districts, our review results cannot be projected, and the district-specific information should not be generalized beyond the 22 school districts in our review. Additionally, we did not perform detailed assessments of internal controls or test expenditures to determine whether school districts used stimulus funds in accordance with Federal requirements.

We performed fieldwork at the selected school districts and their corresponding SEA at the locations shown in Figure 1 and Appendix 2. We conducted our fieldwork between March and October 2011 and obtained updated grant information from January through April 2012.

We conducted the work for this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions contained in the report, based on the audit objective.
Appendix 2. School District Snapshots

This appendix contains snapshots of each of the 22 school districts in our review. Each snapshot contains information on the following:

- the location of the school district, its size, and other characteristics;
- stimulus grant award amounts and percentage spent as of March 31, 2011, and December 31, 2011;
- the percentage of grant funds spent on personnel and nonpersonnel services and activities;
- how the district spent its stimulus funds;
- whether the district would spend all of the funds by the end of the grant period;
- the factors influencing how the district spent the funds;
- whether the district would face a funding cliff; and
- how the funds supported the Department’s educational reforms.

All information presented in the snapshots covers districts’ actual and planned uses of stimulus funds as of March 31, 2011, except for whether districts would spend all of the funds. Districts provided updated information on funds spent as of December 31, 2011.

The information in these snapshots is based on interviews with SEA and district officials and other information we obtained from SEAs and districts. As described in more detail in Appendix 1, we reconciled grant data and corroborated SEA and district officials’ testimonial evidence to help ensure the information presented in the snapshots was reliable. We also provided the SEA and school districts the opportunity to review the snapshots to verify their accuracy. We did not perform additional audit procedures to verify the expenditure and other snapshot information, nor did we determine whether the districts used stimulus funds in accordance with Federal requirements. Photographs and other supplementary information presented in the snapshots are intended to provide examples of how districts used stimulus funds and should not be interpreted as being endorsements of specific uses of stimulus funds.

The snapshots are organized in alphabetical order based on the school district’s name. Figure 1 at the beginning of the report lists the 22 school districts included in our review.
Albuquerque Public Schools—Albuquerque, New Mexico

Albuquerque Public Schools (Albuquerque) is the city’s second largest employer, with nearly 14,000 employees. It has more students than any other district in New Mexico. More than a third of the district’s students come from homes where English is not the primary language. In 2010–2011, it had an enrollment of almost 89,000 students and total revenues of about $815 million.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>$130.8</td>
<td>&gt;99%</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

Albuquerque officials said they used Recovery Act Title I funds for services and activities at all Title I schools in the district and for projects at individual Title I schools. For example, they expanded the Even Start Family Literacy program from 10 to 13 sites and used the funds to preserve Engaging Latino Community for Education family centers at 12 schools. Title I funds were also used to support programs in reading improvement and college readiness and to help fund extended day academic enrichment activities before and after the regular school day.
Recovery Act IDEA
Albuquerque spent Recovery Act IDEA funds on numerous projects. For example, officials said they used the funds to purchase and remodel three portable buildings to centralize the district’s diagnostic process into three locations. Before obtaining these funds, the district’s student diagnostic process was decentralized—each school diagnosed its own students to determine whether the students needed special education services. Additionally, they renovated a section of an existing high school to create an autism center to address the needs of students with more severe behavior management needs. The center includes four classrooms with special lighting, paint colors, and textures. District officials said the district trained and provided materials on research-based reading instruction to 1,800 special education teachers and math instruction to 1,000 teachers. The district also trained general education teachers as part of the district’s early intervention program.

ESF and Ed Jobs
Albuquerque officials stated that the district used ESF and Ed Jobs funds to offset reductions in State funding. For example, the district moved the expense for more than 950 special education, literacy, and early childhood teachers from the operating fund to free up funds that could help address the budget shortfall.

Will the District Spend All the Funds?
Albuquerque officials said that the district had spent all of its ESF funds and more than 99 percent of its Recovery Act Title I and IDEA funds as of December 31, 2011. District officials said the actual costs for goods and services purchased with Recovery Act Title I and IDEA funds were less than they expected and that the district would forfeit the remaining funds. The New Mexico SEA increased the district’s Ed Jobs grant to $16.9 million, and Albuquerque officials said that they had spent all of the total grant amount as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
Albuquerque had annual revenues of slightly more than $1 billion before the 2008 recession. Beginning with the 2009–2010 school year, revenue decreased to about $892 million. The district had used more than half of its stimulus funds to replace general operating funds for salaries and benefits. District officials stated that because Recovery Act Title I funds were to be used to sustain, create, or expand programs, they discouraged the use of these funds to pay for salaries or activities that could not be sustained. However, they said there were no local mandates regarding how stimulus funds could be spent.

Will the District Face a Funding Cliff?
Albuquerque officials said that they received ESF and Ed Jobs funds in place of State funding for salaries and benefits, which could create a funding cliff if the State funding was not restored. In response to a potential revenue shortfall in FY 2011–2012, officials told us that the district expected to cut each school’s budget by about 5 percent and departmental office budgets by about 13 percent. The district also closed a supply warehouse and sold $20 million in Educational Technology 5-year notes to raise additional funds. Further, the district planned to cut nearly 400 positions, about 190 of which would be
directly related to instruction, during the 2011–2012 school year. As in past years, most of the cuts would be achieved through retirements and resignations rather than layoffs.

Albuquerque officials did not expect to experience a funding cliff related to the district's use of Recovery Act Title I or IDEA funds.

**How Are the Funds Supporting Educational Reforms?**

**Raising Student Academic Achievement**
Albuquerque officials reported using Recovery Act Title I and IDEA funds to further this area of reform by funding activities such as Engaging Latino Community for Education, Even Start Family Literacy program, reading and math intervention programs, the Albuquerque Community Learning Centers Project, and extended day academic programs.

Source: OIG photo

**An Even Start Family Literacy program classroom at East San Jose Elementary School.** This classroom is housed in a portable building purchased with Recovery Act Title I funds. The photo shows preschool students’ art projects and classroom learning aids used in the program. This location can serve 30 students: 15 in the morning session and 15 in the afternoon. According to Albuquerque officials, the district used Recovery Act Title I and IDEA funds to expand its existing Even Start Family Literacy program from 10 sites to 13. All sites have a qualified, certified teacher and educational assistant. District officials said that the district would sustain the new Even Start locations with regular Title I funds after the Recovery Act funds were no longer available.
Caddo Parish Public Schools—Shreveport, Louisiana
Caddo Parish Public Schools (Caddo) is located in the city of Shreveport, a city with a population of about 200,000 people as of May 2011. Shreveport is part of Caddo Parish, in the northwestern part of the State. In 2010–2011, the district had an enrollment of 41,000 students and total revenues of about $419 million.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>78%</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I
Caddo used Recovery Act Title I funds to support several services and activities. According to district officials, they used the funds for 15 reading interventionists to work with students in both group and individual sessions. They also funded four teachers in a high school after-school tutoring program for at-risk students and additional staff to expand a homeless student program. The district also purchased new computers, interactive whiteboards, books, and supplies for a parent resource center.

Recovery Act IDEA
Caddo officials used Recovery Act IDEA funds to initiate a program for students with autism to teach them basic skills related to finding employment and carrying out everyday living activities. The district
also purchased interactive whiteboards and training on their use in high school classrooms. Recovery Act IDEA funds also helped establish instructional labs that include computer modules intended to teach basic career and academic skills to middle school and high school students.

ESF and Ed Jobs
Caddo officials told us that the district used ESF and Ed Jobs funds to maintain funding for salaries districtwide.

Will the District Spend All the Funds?
Caddo officials stated that the district had spent all of its stimulus funds as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
Caddo officials said flexibility in spending Recovery Act Title I and IDEA funds was limited only by program-specific requirements on how such funds could be spent to benefit their respective student populations. Specifically, the district had the flexibility to use the grants on new or expanded services and activities including programs for students with autism, educationally disadvantaged or homeless students, and students’ parents. Caddo officials also said that the district used ESF and Ed Jobs funds on salaries to maintain its level of service because the Louisiana SEA had reduced State funding. As a result, Caddo officials did not consider these grants to constitute supplementary funding for new or expanded services and activities.

Will the District Face a Funding Cliff?
Caddo officials said the district expected funding cliffs because additional funds would not be available from other sources once the stimulus funds were depleted. The officials expected State funding to rebound slightly but not enough to maintain all services and activities that were established with stimulus funds. Some Recovery Act Title I and IDEA funds were used for new services and activities and to hire additional staff. Caddo officials said that although they did not anticipate cuts in IDEA services and activities, starting with FY 2011–2012, the district would have to cut some Title I programs. They said that school principals would determine which programs to keep. District officials hoped that staff retirements and resignations would help the district avoid layoffs. Once ESF and Ed Jobs grants were depleted, district officials planned to make cuts at the administrative level, again hoping that retirements and resignations would help the district avoid laying off teachers. According to district officials, the biggest effect would be on students because of the potential for larger class sizes and loss of services for at-risk students. Officials said that the stimulus funds postponed the budgetary choices that the district will need to make.

How Are the Funds Supporting Educational Reforms?
According to Caddo officials, the district used stimulus funds to pursue reform in the areas of innovative education, raising student academic achievement, and supporting State education reform initiatives. For example, they said that the district used some Recovery Act Title I and IDEA funds for professional development activities on early intervention skills and the use of interactive whiteboards for educationally disadvantaged students and students with disabilities. The district’s Operation Graduation
tutoring program addressed student academic achievement at the high school level. The officials also said the district updated and expanded resource materials for teachers to assess student needs and provide instruction on academic fundamentals such as reading and math.

Source: OIG photo

**Student timecards and program evaluation information at a Caddo high school.** District officials said they used Recovery Act IDEA funds to establish a comprehensive program focused on students with autism. The program is intended to provide students with hands-on experience in a simulated work environment while learning career, vocational, and life skills and becoming more independent.

Students work with and assist their classmates. The program provides instruction in 267 work areas, and students clock in to complete their projects as if they had real jobs. District officials said that the program was established at six schools during the 2009–2010 and 2010–2011 school years. They expected it to be sustainable because the only recurring expense would be supplies.
Cherry Creek School District—Greenwood Village, Colorado

Cherry Creek School District (Cherry Creek) comprises 108 square-miles of mostly suburban area located in the southeast portion of Denver’s metropolitan area. The district serves about 51,000 students and employs a staff of about 5,000. It had total revenues of about $450 million in 2010–2011.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I and IDEA

Cherry Creek officials said the district used Recovery Act Title I funds to support districtwide programs intended to improve academic performance at Title I schools and non-Title I schools that failed to meet Adequate Yearly Progress goals. The district also used Recovery Act IDEA funds to support four special education objectives: child find/identification; district oversight, communication, and compliance; curricula and professional development; and postsecondary planning.

Specific activities that district officials identified as funded with Recovery Act Title I and IDEA funds included:

- replacing the district’s outdated and inadequate system to track student performance,
• expanding and enhancing reading and math programs for educationally disadvantaged students and students with disabilities,
• enhancing teacher skills in identifying students with special needs,
• updating and expanding resource materials available to teachers to assess student needs and teach fundamentals, and
• hiring temporary staff to manage the funded projects and track expenditures.

**ESF and Ed Jobs**
Cherry Creek officials said the district received ESF and Ed Jobs funds to replace State funding cuts. It used the Ed Jobs funds in February 2011 and ESF funds in April 2011 to pay a portion of salaries for elementary and high school teachers, respectively.

**Will the District Spend All the Funds?**
Cherry Creek officials said that the district had spent all of its Recovery Act IDEA, ESF, and Ed Jobs funds and about 99 percent of its Recovery Act Title I funds as of December 31, 2011. They also said the district received a waiver to extend the grant period for Recovery Act Title I funds for an additional year.

**What Factors Influenced How the District Spent the Funds?**
Cherry Creek officials told us that they used all of the ESF and Ed Jobs funds to offset State funding reductions made during FY 2010–2011 and, accordingly, the district did not have discretion in spending these funds. District officials reported that they had to request approval from the Colorado SEA for activities funded by Recovery Act Title I and IDEA, but the officials still felt that they had flexibility in spending these funds on expanded and new activities. In some cases, the SEA did not approve district requests because other students could potentially benefit from activities that were intended only for educationally disadvantaged students or students with disabilities.

**Will the District Face a Funding Cliff?**
Although Cherry Creek officials said they sought uses of stimulus funds that avoided funding cliffs, the district hired nine temporary staff to manage Recovery Act Title I and IDEA projects and track expenditures. These staff would need to find other positions within the district once Recovery Act funds were no longer available. District officials stated that terminating these temporary positions would not impact students, modernization efforts, or educational reform efforts.

**How Are the Funds Supporting Educational Reforms?**

**Innovative Education**
Cherry Creek officials said that the district spent Recovery Act Title I and IDEA funds on a myriad of professional development activities. For example, the district used Recovery Act Title I funds in support of the district’s goal of expanding educators’ and students’ use of visual mapping tools for problem solving, decisionmaking, and learning.
Improving Schools
District officials said Title I funds supported a new administrative leadership program for administrators tasked with turning around low-performing schools.

Raising Student Academic Achievement
Cherry Creek officials said that Recovery Act Title I and IDEA funds were used to expand the district’s inventory of reading and math intervention programs and assessment tools.

Source: OIG photo

Small-group table used for tutoring Title I students at Summit Elementary School. The district used Recovery Act Title I funds to purchase program materials for reading and math tutoring. Officials said programs such as this one are intended to increase academic achievement of all students and close the gap between the highest and lowest performing students.
Clark County School District—Las Vegas, Nevada

The Clark County School District (Clark County) serves all of Clark County, Nevada, including the city of Las Vegas. It is the sixth largest school district in the nation based on enrollment. In 2010–2011, Clark County had an enrollment of about 310,000 students and total revenues of almost $3 billion.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I and IDEA

Clark County officials reported using significant portions of Recovery Act Title I and IDEA funds for expanded and new services and activities. Officials said that the district used all of its Recovery Act Title I funds to expand the number of Title I schools. Services and activities funded at those schools included salaries and benefits of teachers and support staff, professional development, summer school, after-school tutoring, structured teacher planning time, and parent involvement programs.

For Recovery Act IDEA, Clark County officials told us that the district used 38 percent of the funds to maintain existing pre-K–12 services and activities including transportation and contracted health and therapy services. The district used 27 percent of the funds to expand existing services and activities,
including assistive technology and literacy intervention. The district spent the remaining 35 percent on new services and activities such as a data management system for student assessment and a credit retrieval program for high school students who need to complete additional credits to graduate. Recovery Act IDEA funds were used for personnel expenditures, including hiring or rehiring staff and paying current staff to complete additional tasks outside their regularly contracted day.

ESF
Clark County received ESF funds as part of the State’s standard Distributive School Account payment. District officials said they allocated all of the funds to pay teachers’ salaries and benefits for the months of May and June 2009. Thus, all the funds were used to maintain existing services and activities at the same level.

Ed Jobs
Clark County officials said they used or planned to use all of the Ed Jobs funds to maintain existing services and activities at a reduced level by funding specific jobs that had been or would have been eliminated. The funds helped offset reductions in district funding and staff, keep class sizes smaller, and maintain some administration jobs. Officials said employees in the funded positions knew their jobs might be cut when the funding was depleted.

Will the District Spend All the Funds?
Clark County officials said that the district had spent all of its Recovery Act Title I, IDEA, and ESF funds as of December 31, 2011. Officials also said the Nevada SEA increased the district’s Ed Jobs grant to $55.8 million and that they had spent about 64 percent of the total grant amount as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
Because Recovery Act Title I funds went to schools that had not previously received Title I funding, Clark County officials said they were mindful that the schools needed well-thought-out spending plans. To the extent possible, the district used the funds for sustainable activities. It focused Recovery Act IDEA funds on Recovery Act priorities and expanding best practices. District officials said that because they received ESF funds as regular State funding, the funds did not provide supplementary funding that the district could use for new or expanded services and activities. For Ed Jobs, the Superintendent identified and the Board of Trustees approved specific jobs to be paid for with the funds.

Will the District Face a Funding Cliff?
Clark County officials said they tried to use stimulus funds in ways that would avoid or minimize a funding cliff. Despite their efforts, they expected significant funding cliffs for Recovery Act Title I and Ed Jobs that could result in staffing cuts. In response to an expected funding cliff for Recovery Act IDEA, the officials said the district might use general operating funds for mandated services for student with disabilities. They also said that using general operating funds for special education and related services would require the district to face difficult decisions in other budget areas. Officials did not expect an ESF funding cliff because the district received these funds in place of State funding that Clark County regularly received.
How Are the Funds Supporting Educational Reforms?
Clark County officials told us that Recovery Act Title I and IDEA funds were helping the district to pursue the following two areas of reform.

Innovative Education
The district used Recovery Act Title I funds for professional development intended to foster better student learning and promote a culture of collaboration among staff. Recovery Act IDEA funds helped the district implement a prevention program intended to decrease the dropout rate of students with disabilities.

Improving Schools
The district used Recovery Act Title I funds to enhance the use of data for planning and decisionmaking. The district used Recovery Act IDEA funds for a data management system that compiles and analyzes special education data. The system is intended to identify student needs and provide the most effective interventions for at-risk students.

Source: OIG Photo

A student works at an interactive learning station at John F Miller School. The school, which serves medically fragile students and students with severe disabilities, used Recovery Act IDEA funds to purchase learning stations such as the one in the photo. This assistive technology helps students learn that their actions have particular results. In this case, when the student touches the red button, the picture on the monitor will change.
District of Columbia Public Schools—Washington, District of Columbia

District of Columbia Public Schools (DC Public Schools) is located in Washington, DC, and previously acted as both a school district and the SEA. However, the “District of Columbia Public Education Reform Amendment Act of 2007” transferred SEA responsibilities to the Office of the State Superintendent of Education. In 2010–2011, DC Public Schools served about 45,000 students and had total revenues of about $809 million.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>38%</td>
<td>$23.8</td>
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<tr>
<td>IDEA</td>
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<td>$46.1</td>
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<td>$46.1</td>
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<tr>
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<td>$11.1</td>
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<td>$93.9</td>
<td>98%</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

DC Public Schools officials told us they used Recovery Act Title I funds to maintain or expand existing services and activities, including hiring professional development specialists and purchasing materials for extended day, summer school, and Saturday programs. District officials said they also used the funds for early childhood education services. The district used about 46 percent of the funds to maintain and 54 percent to expand existing services and activities.
Recovery Act IDEA
According to district officials, they used Recovery Act IDEA funds to pay salaries and cost of living adjustments; hire staff; and purchase curricula, books, and supplies. The district also contracted with additional service providers to reduce the student-to-provider ratio and with data management consultants. It used the funds to maintain existing services and activities at the same level.

ESF and Ed Jobs
DC Public Schools officials said they used ESF and Ed Jobs funds to replace shortfalls in local funding and to maintain existing teacher positions. Specifically, the district used the funds to pay for personnel costs of teachers that were normally paid with local funds.

Will the District Spend All the Funds?
As of March 31, 2011, DC Public Schools had spent all of its Recovery Act IDEA, ESF, and Ed Jobs funds. Officials said that they had spent about 93 percent of their Recovery Act Title I funds as of December 31, 2011. They said the district did not spend all of the funds because its program spending plans were inaccurate. The officials reported that the district received a waiver to extend the grant period for Recovery Act Title I funds for an additional year.

What Factors Influenced How the District Spent the Funds?
Based on our discussions with DC Public Schools officials and review of related documents, because of local funding cuts the district needed to spend all of its Recovery Act IDEA, ESF, and Ed Jobs funds on activities that maintained existing services and activities. The district had more discretion with spending Recovery Act Title I funds. The district allocated a percentage of available funds to various district offices, such as the Early Childhood Education office, which then determined how to spend the funds.

District officials said that the Chancellor’s office, the Mayor’s office, the City Council, and the U.S. House of Representatives approved the district’s stimulus spending plans.

Will the District Face a Funding Cliff?
DC Public Schools officials said that they did not anticipate funding cliffs for Recovery Act Title I, IDEA, or ESF funds.

How Are the Funds Supporting Educational Reforms?
According to DC Public Schools planning documents, the district intended to use stimulus funds to further reform efforts in the areas of improving schools and raising student academic achievement as follows.

Improving Schools
Several stimulus-funded services and activities were designed to help improve schools. For example, the district hired additional instructional aides, specialists, and other personnel to enhance student education. The district also enhanced the extended learning time programs to help turn around persistently low-performing schools.
Raising Student Academic Achievement
The district’s use of Recovery Act Title I funds for professional development activities and extended learning opportunities was intended to help raise student academic achievement.

Services for Homeless Students and Families. To provide comparable services to homeless children who do not attend Title I schools, DC Public Schools planned to use a portion of its Recovery Act Title I funds for case workers who would support comprehensive outreach to homeless students and their families. This program would help homeless students and their families navigate the district’s public school system.
Edinburg Consolidated Independent School District—Edinburg, Texas

Edinburg Consolidated Independent School District (Edinburg) is located in a rural area in southern Texas called the Rio Grande Valley. The district provides educational services to students residing in a 945 square-mile area. Edinburg had an enrollment of about 33,000 students and total revenues of about $340 million in 2010–2011.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>$11.0</td>
<td>95%</td>
<td>$11.0</td>
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<tr>
<td>IDEA</td>
<td>$6.6</td>
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<td>Ed Jobs</td>
<td>-</td>
<td>-</td>
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<td>98%</td>
</tr>
<tr>
<td>Total</td>
<td>$39.8</td>
<td>73%</td>
<td>$45.7</td>
<td>&gt;99%</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I and IDEA

Edinburg spent Recovery Act Title I and IDEA funds on a number of services and activities, including

- replacing the district’s outdated computers and printers at campuses,
- expanding its after-school and Saturday tutoring program and the summer school program to educationally disadvantaged students in the second grade,
- expanding reading and math programs for educationally disadvantaged students and students with disabilities,
• developing new labs with equipment and services to teach basic life skills and job skills for students with disabilities, and
• purchasing library books and updating and expanding resource materials for teachers to assess students’ needs and teach fundamentals.

ESF
Edinburg spent ESF funds on salaries and utilities. District officials said they used the funds for expenses that normally would have been paid by local and State funds if such funding had been available. Specifically, the district spent ESF funds on salary increases for teachers, speech pathologists, librarians, counselors, and nurses; school utilities; and salaries of pre-K and early childhood teachers.

Ed Jobs
Although Edinburg had not spent any of its Ed Jobs funds as of March 31, 2011, district officials said they planned to transfer payroll costs paid during the 2010–2011 school year to the Ed Jobs grant.

Will the District Spend All the Funds?
Edinburg officials said that the district had spent all of its Recovery Act Title I and ESF funds and more than 99 percent of its Recovery Act IDEA funds as of December 31, 2011. They said that the district had Recovery Act IDEA funds remaining because its actual indirect costs were less than budgeted. Edinburg received its Ed Jobs grant money after March 31, 2011. District officials said that as of December 31, 2011, the Ed Jobs grant amount was $5.9 million and they had spent about 98 percent.

What Factors Influenced How the District Spent the Funds?
For Recovery Act Title I funds, Edinburg officials said that all levels of district management, a steering committee of representatives from all campuses, and community leaders were involved in identifying projects that could be funded from multiple funding sources and that would maximize benefits to students. District officials said they planned the uses of Recovery Act IDEA funds separately from other stimulus fund spending plans.

Edinburg officials told us that they used a portion of ESF funds to pay salary increases for teachers, speech pathologists, librarians, counselors, and nurses. The salary increases had been authorized but not funded by the Texas legislature in 2009. District officials also said that Edinburg received its Ed Jobs funds in May 2011 and, as noted above, planned to transfer payroll expenses incurred during the 2010–2011 school year.

Will the District Face a Funding Cliff?
Edinburg officials did not anticipate any funding cliffs because the district spent stimulus funds in a manner designed to avoid funding cliffs. However, if State and local funding was not restored in sufficient levels for the 2011–2012 school year and beyond, they said that the district planned to reduce expenses and staffing accordingly.
How Are the Funds Supporting Educational Reforms?

Innovative Education
Edinburg officials said that the district used Recovery Act IDEA funds to purchase interactive whiteboards. The whiteboards provide a more hands-on teaching approach and are intended to help students with learning disabilities become more actively engaged in lessons.

Raising Student Academic Achievement
Edinburg officials told us that using Recovery Act Title I and IDEA funds to purchase intervention materials expanded the district’s capabilities to improve the academic performance of struggling students. For example, the district purchased a special math program for students with disabilities who were functioning one to two grade levels below in math. District officials said that end-of-year reports indicated an overall increase in grade levels for the district, with students achieving increases in math skills by one to two grade levels. They also said that they used Recovery Act Title I funds to expand instructional time for after-school and Saturday tutoring and summer school activities to provide more assistance to academically at-risk students. Edinburg also used the funds to implement an interim assessment program for schools to evaluate students during the year. This program was intended to better align instruction with the needs of at-risk students.

Source: OIG photo

A computer lab for grades K–2 at the De Zavala Elementary School. The school used Recovery Act Title I funds to upgrade computers in two labs. In total, 50 computers were upgraded: 24 in this lab and 26 in a lab for students in grades 3–5. The labs serve a total of 600 students.
Fort Wayne Community Schools—Fort Wayne, Indiana

Fort Wayne Community Schools (Fort Wayne) is located in Fort Wayne, Indiana, the second largest urban area in the State based on population. In 2010–2011, Fort Wayne had an enrollment of about 31,600 students and total revenues of about $372 million.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

According to Fort Wayne officials, the district used Recovery Act Title I funds to preserve and expand student intervention services and activities in both reading and math for students in grades K–5. The district also used the funds to provide more professional development for teachers by funding school- and district-level instructional coaching positions. The instructional coaches helped the district accelerate its transition from providing professional development in large groups to providing more customized professional development to small groups or individual teachers. The district also used Recovery Act Title I funds to add a department in the central office called “Pyramid for Success.” This department ensures the district implements a research-based system of interventions to support student achievement. Fort Wayne officials estimated that the district spent 85 percent of its Recovery

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Act Title I funds to maintain or expand existing services and activities and 15 percent on new services and activities.

**Recovery Act IDEA**
Fort Wayne used most of its Recovery Act IDEA funds to hire additional coaches and interventionists, including 35 full-time equivalent teacher and psychometrist positions. The district also spent the funds on new services and activities, including equipment, instructional software, computers, and professional development. In addition, the district used the funds to purchase materials and supplies, interactive whiteboards, and listening systems for hearing-impaired students attending nonpublic schools. The district also mailed books to students with disabilities during the summer, which it had not been able to do for several years. Fort Wayne officials told us the district spent 75 percent of its Recovery Act IDEA funds to maintain existing services and activities and 25 percent to offer new services and activities.

**ESF and Ed Jobs**
Fort Wayne officials said the district used ESF funds to replace one-time State funding cuts. They reported spending the funds for 62 full-time equivalent positions, including teachers, guidance counselors, principals, case managers, and other positions. District officials said that they planned to spend Ed Jobs funds on the salaries for coaches and interventionists paid with Recovery Act Title I and IDEA funds in FY 2010–2011. They stated that the district spent or planned to spend all ESF and Ed Jobs funds to maintain existing services and activities.

**Will the District Spend All the Funds?**
Fort Wayne officials said that the district had spent all of its Recovery Act Title I and ESF funds and more than 99 percent of its Recovery Act IDEA funds as of December 31, 2011. The officials said the district had Recovery Act IDEA funds remaining because the actual costs of goods and services were less than they expected. Officials also said the Indiana SEA increased the district’s Ed Jobs grant to $6.3 million and that they had spent about 31 percent of the total grant amount as of December 31, 2011.

**What Factors Influenced How the District Spent the Funds?**
Fort Wayne officials identified the Indiana SEA, Fort Wayne school board, and district superintendent's cabinet as having significant influence over the planning and budgeting process and how the district could spend stimulus funds. The district included Recovery Act Title I and IDEA budgets in grant applications that the Indiana SEA approved. According to district officials, the amount of ESF funds the district received equaled the amount of the State funding cut; consequently, the district needed to spend the ESF funds on salaries and benefits.

**Will the District Face a Funding Cliff?**
Fort Wayne officials said they expected a moderate funding cliff when stimulus funds were no longer available. They said that the district used Recovery Act Title I and IDEA funds primarily to support the district’s reform plan by increasing the number of coaches and interventionists. The district planned to continue funding these positions with Ed Jobs funds in 2011–2012. Once the Ed Jobs funds were depleted, Fort Wayne planned to pay the coaches and interventionists from its general fund. This plan
could result in budget reductions for other activities funded from the general fund because officials did not anticipate additional funding.

How Are the Funds Supporting Educational Reforms?
Fort Wayne officials said that the district was in the process of transforming its educational and administrative processes when it received stimulus funds. They said that the district used Recovery Act Title I and IDEA funds to implement aspects of its education initiatives more quickly than would have otherwise been possible. The transformation, which Fort Wayne officials considered an area of reform, included the development of the Board’s mission, vision, and core values and the district’s goals. These initiatives focus on educating all students to high standards and engaging parents and the community to support these educational efforts.

Funding Coaches and Interventionists to Advance Reform Initiatives. According to Fort Wayne officials, the district was able to achieve its reform initiatives with respect to coaches and interventionists on a larger scale and more quickly than would have been possible without stimulus funds. District officials said that the funds helped raise teacher and student performance as part of its overall education transformation process. A district administrator stated that improvements in literacy benchmarks and Indiana statewide assessment results were attributable, at least in part, to stimulus funds.
Hawaii Department of Education—Honolulu, Hawaii

The Hawaii Department of Education (Hawaii) is one of the largest school districts in the nation based on enrollment. In 2010–2011, Hawaii served about 178,000 students and had total revenues of about $2 billion. Hawaii’s unitary statewide school system is unique among the States—the Hawaii SEA also serves as the State’s single school district.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>$33.2</td>
<td>38%</td>
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<td>59%</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

Hawaii officials said that the district used almost all of its Recovery Act Title I funds to expand existing services and activities, including providing extended learning services to students, continuing an early learning center, and hiring academic coaches for schools. During the summer of 2009, the district also used the funds to provide bus transportation for students to attend extended learning classes. District officials said about 90 percent of the funds were used for personnel expenditures to hire staff and pay existing staff for additional work. The remaining funds were used for nonpersonnel expenditures such as instructional materials, software, and professional development.
Recovery Act IDEA
According to Hawaii officials, the district planned to use about 81 percent of its Recovery Act IDEA funds to maintain existing special education services and activities and stabilize special education budgets. For example, the district used the funds for contracted services for behavioral health and autism, early intervention, private school participation, and other program expenses. The district planned to use the remaining 19 percent to expand existing special education services and activities, including purchases of new computers and instructional materials.

ESF
Hawaii officials reported using ESF funds for teacher salaries to replace funding that the State cut. District officials said they used ESF funds to maintain existing services and activities at a reduced level because of reductions in the education budget, which included furloughing employees.

Ed Jobs
Hawaii officials told us that they planned to use Ed Jobs funds to pay the salaries of elementary and secondary education personnel, such as teachers, counselors, and school librarians, to offset increases in contract costs.

Will the District Spend All the Funds?
Hawaii officials said that the district had spent all of its Recovery Act Title I, IDEA, and ESF funds as of December 31, 2011. Officials also said that as of December 31, 2011, the district had received additional Ed Jobs funds, which increased the total grant amount to $39.9 million, and had spent about 27 percent.

What Factors Influenced How the District Spent the Funds?
Hawaii officials said that for Recovery Act Title I, the Hawaii superintendent consulted with school officials on various islands to identify projects to fund. The district later reallocated funds to individual schools that had complete discretion in spending. For Recovery Act IDEA, the superintendent and the special education director made all spending decisions. Hawaii used ESF and Ed Jobs to restore State funding cuts and simplify grant administration. This approach was part of the district’s overall budget plan and strategy for education reform.

Will the District Face a Funding Cliff?
Hawaii officials told us they expected a moderate funding cliff for some Recovery Act Title I and IDEA services and activities. For Recovery Act Title I, they said the district might need to reduce some of the expanded services if additional revenue was not available. For Recovery Act IDEA, Hawaii officials said the district may need to cut some staffing and activities. However, they did not expect the cuts to adversely affect students with disabilities.

Hawaii officials did not expect a funding cliff for ESF funds because they used all of the funds to replace funding the State had cut. Hawaii planned to use Ed Jobs funds when ESF funds were depleted. The district also took steps to reduce costs, such as cutting teacher salaries by 5 percent. However, officials said that once Ed Jobs funds were depleted, Hawaii may face a funding cliff if State revenues were insufficient to replace them. This could result in cuts to staffing and activities and adversely affect public
education. Hawaii officials said lower labor costs and higher revenues from improvements in Hawaii’s economy may partially offset funding cliffs.

How Are the Funds Supporting Educational Reforms?

Raising Student Academic Achievement
Hawaii officials reported using Recovery Act Title I funds for extended learning services in English language arts and math at additional schools. They also reported using Recovery Act IDEA funds for early intervention by providing academic and behavioral services to students who need additional support to succeed in a general education environment but are not in need of special education services.

Implementing Local or State Education Reform Initiatives
Hawaii officials said that they used ESF and Ed Jobs funds to reimburse teacher salaries, which freed up other funds to support this area of reform. For example, the district planned to use State funds and another Recovery Act grant (Race to the Top) to offer high school students the option of a Career and College Readiness diploma and to develop a framework for a longitudinal data system.

Source: OIG photo

Note: Hawaii did not use stimulus funds to purchase the playground equipment shown in this photo.

Exterior of the Linapuni School for Early Learning, located on the island of Oahu. Linapuni’s focus includes research-based early childhood educational practices, parenting skills, and family literacy strategies. The school used some Recovery Act Title I funds for a school readiness project for 4-year-old children whose parents live in poverty and have limited education and language skills. The project also offers the parents strategies to use at home to foster their children’s cognitive, creative, social, and emotional development. The school spent about 86 percent of the funds on personnel costs and the remainder on instructional materials and professional development.
Jefferson County Public Schools—Louisville, Kentucky

Jefferson County Public Schools (Jefferson County) was formed in 1975, when Louisville City Schools and the Common Schools of Jefferson County merged. In 2010–2011, the district served about 100,000 students in the Louisville metropolitan area and had total revenues of about $1 billion.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

Jefferson County used Recovery Act Title I funds to support its 82 Title I schools and districtwide services and activities. For example, the district used the funds for home school coordinators, preschool programs, and instructional services and support for alternative schools. District officials said they also used funds for instructional materials and services to support low-performing students; instructors to reduce class sizes; substitute teachers so teachers could attend professional development; and technology such as interactive whiteboards, computers, and printers.
Recovery Act IDEA
Jefferson County used Recovery Act IDEA funds primarily to hire 22 middle school special education teachers and pay other salaries and benefits. Additionally, the district purchased books, instructional materials, teaching aids, and transportation services. The district also upgraded facilities with specialized equipment and instructional technology. For example, the district purchased auditory equipment, sensory items for classrooms, specialized training walkers, swing sets for sensory alerting activities, assessment instruments for use by speech-language pathologists, and 18 special needs buses.

ESF
Jefferson County officials said that the district used its entire ESF allocation to pay teachers’ salaries and benefits.

Ed Jobs
Jefferson County officials said that the district planned to use Ed Jobs funds in FY 2011–2012. Ed Jobs funds would replace Recovery Act Title I, IDEA, and ESF when those funds were depleted.

Will the District Spend All the Funds?
Jefferson County officials said that the district had spent all of its Recovery Act Title I, IDEA, and ESF funds as of December 31, 2011. Officials also said the Kentucky SEA increased the district’s Ed Jobs grant to $15.6 million and that they had spent about 34 percent of the total grant amount as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
Jefferson County officials said that the Kentucky Governor’s Office decided ESF funds would be used to fill the gap between the amount of State funds appropriated using the State funding formula and the amount needed to guarantee base per-pupil funding. According to State officials, State revenues began to decline in 2009 and the SEA experienced budget reductions of as much as 15 percent since the recession. Jefferson County officials said they received ESF funds as part of the district’s General Fund appropriations and that the district had to use the funds to support the General Fund expenditures. As a result, they used all of the ESF funds for salaries and benefits to maintain existing services and activities. District officials also stated that the district had to use its stimulus funds in accordance with the Kentucky SEA funding matrices, which outline allowable costs for grants.

Will the District Face a Funding Cliff?
Jefferson County officials stated that the district would not have a funding cliff associated with its use of ESF funds. The district expected a funding cliff for Recovery Act Title I and IDEA resulting in the loss of staff funded by those grants. According to district officials, Jefferson County delayed its use of Ed Jobs funds until FY 2011–2012 to postpone the funding cliff created by the depletion of Recovery Act Title I and IDEA funds. However, as of May 2011 the District had not identified a funding source for the more than 200 positions funded by Ed Jobs. The officials said that Jefferson County might experience cuts that would adversely affect its pre-K–12 programs if a funding source was not identified.
How Are the Funds Supporting Educational Reforms?
Jefferson County officials stated that Recovery Act Title I and IDEA funds were helping to pursue the following areas of reform.

Innovative Education
The district used Recovery Act IDEA funds to extend support to visually impaired preschool students in the Louisville area and students enrolled in the Part Day Program at the Kentucky School for the Blind. The district also purchased lightweight braille note-taking devices for students who were unable to use the traditional manual devices.

Raising Student Academic Achievement
The district used Recovery Act Title I funds for districtwide professional development in reading and math and for interactive whiteboards to address math proficiency. It used Recovery Act IDEA funds to support the district’s goals of increasing (1) the number of students who complete special education programs, (2) meaningful transition experiences and opportunities for students with disabilities, (3) connections with community resources to help students with disabilities transition to adult life, and (4) the percentage of students with disabilities who achieve proficiency on the statewide assessment.

Improving Schools
The district used Recovery Act Title I funds to reduce class sizes and student-teacher ratios and to purchase technology for reading and math labs. It used Recovery Act IDEA funds to support the district’s goal of increasing its capacity to meet the individual needs of students with a variety of hearing-related concerns. District officials said that they used the funds to purchase specialized listening equipment and classroom amplification equipment to help students hear and understand oral instruction. They said the district received positive feedback from students, teachers, and parents about the improved listening environment.

Specialized Equipment for Students With Disabilities. Jefferson County used a portion of its Recovery Act IDEA grant to upgrade special education facilities with specialized equipment, including sensory items for classrooms. For example, the district purchased plastic cube chairs with deep insets that wrap around children and provide a calming effect. It also purchased play rugs to calm the mood of the classroom, which district officials said is particularly helpful for children with autism who are sensitive to stimulation or distractions. Additionally, because fluorescent lights can be disturbing for children with multiple disabilities, the district purchased light filters to dim the glare. According to officials, the filters, like the play rugs, help create a calming atmosphere.
The School District of Lee County—Fort Myers, Florida

The School District of Lee County (Lee County) serves about 81,000 students. With more than 9,000 employees, the district is the second largest employer in the county. It had total revenues of about $1 billion in 2010–2011.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

Lee County used Recovery Act Title I funds to purchase software and computer equipment for a college readiness system intended to increase schoolwide learning and performance of elementary and secondary school students. The district also hired additional instructional staff, paid teachers overtime for tutoring, and partially funded 39 learning resource teachers to help ensure quality teaching. Officials said the district used the funds to maintain and expand existing elementary and secondary education services and activities and to support new services and activities.
Recovery Act IDEA
Lee County used Recovery Act IDEA funds to support services and activities such as a certification program for Autism Spectrum Disorders and the Intervention Initiative, which is a process for monitoring student progress and determining instructional needs. District officials said they also used the funds for professional development, new physical therapy equipment, and upgraded technology for students with disabilities.

ESF
The district used most of its ESF funds for personnel costs. Lee County officials said the district also used the funds to add vocational courses, including cosmetology, medical billing and coding, and licensed practical nursing. The district also used ESF funds to help support charter schools and reading and math initiatives.

Ed Jobs
The district had not used any of its Ed Jobs funds as of March 31, 2011. Officials said they planned to use all the funds on personnel costs.

Will the District Spend All the Funds?
The Florida SEA reduced the district’s ESF grant to $54.6 million. Lee County officials said that the district had spent all of its Recovery Act IDEA, ESF, and Ed Jobs funds and more than 99 percent of its Recovery Act Title I funds as of December 31, 2011. District officials said they did not fill supplemental positions or purchase supplies and software that they planned to fund with Recovery Act Title I. The Florida SEA received a waiver to extend the grant period for Recovery Act Title I funds for an additional year.

What Factors Influenced How the District Spent the Funds?
A Lee County administrator said grant managers and other district personnel were involved in all aspects of the budgeting process. To determine the best use of funds, the managers considered all funding sources, the goals and objectives of the district and the grants, and the respective grant periods.

Will the District Face a Funding Cliff?
Lee County officials said they expected funding cliffs to occur because the State would not replace stimulus funds. They also did not expect an increase in Federal support in the foreseeable future. However, Lee County officials said the district established a plan to offset budget shortfalls. First, the district spent stimulus funds on nonrecurring expenditures to the extent possible, such as a one-time upgrade in equipment and technologies for many schools. Second, it set aside as many reserves as possible from sources such as State allocations, local revenues, and the district’s own budget. Officials said the district had implemented a spending plan to make sure the district could set aside additional funds if needed.

How Are the Funds Supporting Educational Reforms?
According to Lee County officials, the district used stimulus funds to pursue the following areas of reform.
Innovative Education and Raising Student Academic Achievement
The district used ESF funds to purchase a data management system and Recovery Act Title I and IDEA funds to pay the salaries of learning resource teachers. The district said that the teachers used the system to monitor student performance, analyze academic results, and determine the best methods of intervention for struggling students.

Improving Schools
The learning resource teachers funded by Recovery Act Title I analyzed Adequate Yearly Progress reports and school grade-level information, updated and revised comprehensive needs assessments, and developed school improvement plans.

Implementing Local or State Education Reform Initiatives
The district used stimulus funds to implement initiatives involving common academic assessments. Specifically, teachers received supplemental pay during the summer to develop academic assessments that would be used to evaluate teachers and determine their compensation.

Source: OIG photo

An interactive whiteboard at Royal Palm Exceptional School. Lee County used Recovery Act IDEA funds to purchase 23 interactive whiteboards for the school. According to the school principal, this technology offered learning programs intended to engage student attention and motivate them to actively participate in the classroom.
Mesa Unified School District—Mesa, Arizona
The Mesa Unified School District (Mesa) is located in the south-central portion of Maricopa County and encompasses an area of about 200 square miles. Mesa is located about 12 miles southeast of Phoenix. In 2010–2011, it served about 61,000 students and had total revenues of about $530 million.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?
Recovery Act Title I. Mesa officials reported using 65 percent of the Recovery Act Title I funds to expand existing or add new services and activities. For example, the district used these funds for professional development activities for instructional staff. The district also purchased instructional software for use in grades 1–6 to assist in math interventions and personalizing instruction to meet individual student needs. The software helps the district address content areas and student subgroups that did not meet Adequate Yearly Progress benchmarks. Mesa used the remaining Recovery Act Title I funds to maintain existing services.
**Recovery Act IDEA**

Mesa officials said the district used all of its Recovery Act IDEA funds for existing services and activities. For example, the district purchased assistive technology, such as braille note-taking devices and speech and communications devices (see the photograph and caption on the next page for more information).

**ESF and Ed Jobs**

Mesa officials stated that the district used or planned to use all of its ESF and Ed Jobs funds to maintain pay and benefit levels for employees.

**Will the District Spend All the Funds?**

Mesa officials said that the district had spent all of its ESF and Ed Jobs funds and more than 99 percent of its Recovery Act Title I and IDEA funds as of December 31, 2011. The Arizona SEA received a waiver to extend the grant period for Recovery Act Title I funds for an additional year. Mesa officials said they expected the SEA to reallocate the funds for the district to use in the 2011–2012 school year. They also said the actual costs for equipment purchased with Recovery Act IDEA funds were less than they expected and some items were not received before the end of the grant period. The officials said the district would forfeit the funds.

**What Factors Influenced How the District Spent the Funds?**

Mesa officials reported that the district used a strategic and comprehensive approach that considered all funding sources when deciding how to spend stimulus funds. According to an administrator, the district also sought input from teachers, program managers, and others. The district’s governing board, which approves the annual budget, decided that the district would use the stimulus funds to offset the cost of basic classroom instruction at each school so that each school would receive an equitable share of funding based on student enrollment.

**Will the District Face a Funding Cliff?**

Mesa officials expected funding cliffs for services and activities funded by Recovery Act Title I, ESF, and Ed Jobs. For positions funded with Recovery Act Title I, a district administrator said the district would use other funding sources to minimize the effect of the funding cliffs. For positions funded by ESF and Ed Jobs, the district had not identified other funding sources. If State funding does not rebound sufficiently to make up revenue shortfalls, the district may have to cut jobs. Mesa officials did not expect a funding cliff related to the district’s use of Recovery Act IDEA funds.

**How Are the Funds Supporting Educational Reforms?**

**Innovative Education, Improving Schools, and Raising Student Academic Achievement**

Mesa officials said that the district used Recovery Act Title I and IDEA funds to support these areas of reform. For example, the district used Recovery Act Title I funds for professional development consultants, conferences, and staff training. These activities were intended to help staff develop professional learning communities, use technology in the classroom, and increase parent engagement.

The district also used Recovery Act Title I funds to tutor homeless students. The district used Recovery Act IDEA funds to implement inclusive practices at 12 pilot schools. Under this program, students with...
disabilities spend most or part of their school day in general education classrooms rather than in separate classrooms dedicated solely to students with disabilities.

Source: OIG photo

A speech and communications device purchased with Recovery Act IDEA funds. Mesa purchased four of these assistive technology devices, which special education teachers and students with disabilities use to enhance communication. These portable computers help students who have speech, language, and learning disabilities. The students can communicate using text, symbols, and synthetic speech. District officials said that these devices would be sustainable after Recovery Act IDEA funds are depleted because updates to software and new applications for the devices would be free or modestly priced.
Montgomery County Public Schools—Rockville, Maryland

Montgomery County Public Schools (Montgomery County) is located in suburban Rockville, Maryland, and serves Montgomery County. It is the largest school district in Maryland based on enrollment of about 144,000 students. Total revenues were about $2 billion in 2010–2011.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

Montgomery County officials reported using all of the Recovery Act Title I funds to expand existing pre-K–12 services and activities. For example, they expanded the number of Title I schools from 27 to 30, increased the number of full-day Head Start classes from 13 to 21 (see the caption on the next page for more information), expanded reading and math support for students of limited English proficiency, and maintained smaller class sizes. In addition, Recovery Act Title I funds supported 30 of the district’s 60 focus schools, which receive extra support from regular Title I or local funds to provide additional services to students. The district also used Recovery Act Title I funds to restore teacher positions.
Recovery Act IDEA
Montgomery County officials said that they used half of the Recovery Act IDEA funds to maintain pre-K–12 services and activities and half to expand existing services and activities. The funds were for activities that were intended to have a long-term impact, such as professional development and additional support for students with disabilities. For example, the district implemented a learning project at three middle schools during the 2010–2011 school year and planned to implement it at three elementary schools during the 2011–2012 school year. As part of this project, which is based on the Universal Design Learning educational framework, a team of teachers disseminates and demonstrates best practices associated with integrating technology into student instruction.

ESF and Ed Jobs
Montgomery County officials said that the district used or planned to use ESF funds to maintain existing public education programs by paying a portion of the district’s utility bills. The district used most of its Ed Jobs funds to pay salaries to replace State aid cuts made in the 2010–2011 school year. The district planned to use the remaining Ed Jobs funds in the 2011–2012 school year to pay employee retirement benefits.

Will the District Spend All the Funds?
Montgomery County officials said that the district had spent all of its Recovery Act Title I, IDEA, and ESF funds and about 80 percent of its Ed Jobs funds as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
According to Montgomery County officials, the district used all of the ESF and most of the Ed Jobs funds to offset reductions in State funding. As a result, the district did not receive a net increase in funding. When they received stimulus funds, the district used an abbreviated planning and budgeting process. Montgomery County officials said the district amended its regular Title I and IDEA planning and budgeting process to integrate Recovery Act Title I and IDEA funds. The district reviewed regular Title I and IDEA initiatives and strategic plans that were already in place. It identified projects and activities that could be completed and result in the greatest classroom impact with Recovery Act Title I and IDEA funds.

Will the District Face a Funding Cliff?
Montgomery County officials said they did not expect significant funding cliffs or budget shortfalls after the stimulus funds were depleted. They told us that the district used the funds to either replace cuts in State aid or maintain or expand existing services and activities. The officials expected the State would restore funding. District officials also expected local economic conditions to improve and local funding to be available. Therefore, the district anticipated having sufficient funding to continue most of the existing services and activities. However, they stated that Ed Jobs funds would be difficult to replace when the funds were depleted.
How Are the Funds Supporting Educational Reforms?

Innovative Education, Improving Schools, and Raising Student Academic Achievement

Montgomery County officials said that the district’s use of Recovery Act Title I and IDEA funds helped to further these areas of reform. For example, the Universal Design Learning project funded by Recovery Act IDEA funds was intended to provide new or expanded learning opportunities through technology and software for students with disabilities. Additionally, officials said that the district used Recovery Act Title I funds to maintain smaller class sizes and to increase reading and math support for students with limited English proficiency.

Use of Recovery Act Title I Funds to Further Expand Head Start Classes. Montgomery County used Recovery Act Title I funds to increase the number of full-day Head Start classes as part of an early childhood initiative. A 2009 study by the district examined whether increased instructional time resulted in greater student academic improvement in Head Start full-day classes and recommended that the district expand half-day classes to full-day classes in Title I schools if financially feasible.

The study looked at Head Start classes that began in 2007–2008. The district used regular Title I funds for 10 elementary schools to expand their Head Start half-day classes to full-day classes. The expansion was intended to help close achievement gaps by providing more instructional time for mostly 4-year-old children who did not speak English or were highly affected by poverty and mobility. The study’s empirical evidence suggested that increased instructional time in Head Start full-day pre-K classes had contributed to greater academic achievement. In addition, students in the full-day classes made significantly larger gains in reading and math skills when compared with their peers in the district’s half-day classes. (“Impact of Full-day Prekindergarten Program on Student Academic Performance,” Office of Shared Accountability, Montgomery County Public Schools, February 2009.)

Department guidance states that a district may use Recovery Act Title I funds to complement or extend its Head Start program. Head Start is a Federal program to help children ages birth to 5 from low-income families to prepare for school. The program is administered by the U.S. Department of Health and Human Services.
Newark City Public School District—Newark, New Jersey

The Newark City Public School District (Newark) is a State-operated urban school district that serves about 45,000 students. Total district revenues were about $950 million in 2010–2011.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>91%</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I and IDEA

Newark officials reported that the district used Recovery Act Title I and IDEA funds to continue the priorities set out in the district’s strategic plan. For example, the district used Recovery Act Title I funds to adopt three educational models designed to help high school dropouts and students who were at risk of failing or dropping out. The district used Recovery Act IDEA funds to provide professional development to teachers and aides. This professional development focused on classroom management techniques, positive behavior supports, project-based learning, behavioral assessments, and student data collection.
ESF and Ed Jobs
Newark officials said that the district used ESF funds to minimize the cuts in staffing to help balance the 2009–2010 budget because of a decline in State aid. Similarly, the district planned to use Ed Jobs funds to minimize staffing cuts to help balance the budget for 2011–2012.

Will the District Spend All the Funds?
Newark officials said that the district had spent all of its ESF funds as of March 31, 2011. As of December 31, 2011, the district had spent about 97 percent of its Recovery Act Title I funds. Officials said the district underused its professional development contracts and received a waiver to extend the grant period for Recovery Act Title I funds for an additional year. Also as of December 31, 2011, the district had spent about 89 percent of its Recovery Act IDEA funds. Officials also said that they planned to return $1.5 million in unspent Recovery Act IDEA funds because the district was not allowed to reallocate the funds, which it had previously earmarked for early intervening and nonpublic services. They also said that Newark’s Ed Jobs allocation increased to $24.4 million, and the district had spent 42 percent of the funds as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
Newark officials reported that the New Jersey SEA was the major external influence on how the district spent stimulus funds. The SEA advised school districts to spend Recovery Act funds on high-quality, pre-K programs and on activities that prepare high school students for college and careers. A district administrator said that because the State manages large projects, the district could not spend funds on construction. The SEA strongly encouraged Newark not to spend Ed Jobs funds until FY 2011–2012. The SEA also advised Newark to focus on classroom personnel costs even though Department guidance states that an LEA may use Ed Jobs funds on other personnel costs, such as custodians and cafeteria workers.

Will the District Face a Funding Cliff?
Newark officials said that they did not expect funding cliffs for services and activities funded under Recovery Act Title I and IDEA. However, they said that the district faced challenges with retaining staff because the State had reduced aid for education funding.

How Are the Funds Supporting Educational Reforms?
Newark officials told us that the district used Recovery Act Title I or IDEA funds to pursue the following areas of reform.

Innovative Education and Raising Student Academic Achievement
The district used Recovery Act IDEA funds for technology at a school for students with hearing disabilities. They equipped three classrooms with interactive whiteboards and software for teachers to use to prepare and present multimedia lessons. Officials said that using these lessons, teachers can cover more material during classtime than they could when using sign language. Teachers can also save the lessons so absent students can catch up with what was covered in class. The saved lessons are helpful to new teachers who can access the lessons prepared by teachers in previous years.
Newark officials also said they used Recovery Act Title I funds to build teacher capacity. They said that the district had a shortage of physics teachers and used the funds to provide professional development to certify science teachers in physics. According to an official, Newark was able to alleviate its shortage of physics teachers and help prepare students for college.

**Improving Schools and Implementing Local and State Education Reform Initiatives**

Newark used Recovery Act Title I funds for a summer school program for elementary and high school students. The elementary school program offered enrichment activities where students could apply literacy and math skills and practice basic skills. Officials said that participating students’ vocabulary comprehension scores increased and the percent of struggling students decreased. For high school students, the district provided credit recovery courses in the core subjects required for graduation, such as English, math, social studies, and science.

![Image](image.png)

**Summer Institute.** To encourage students in grades 7–12 to pursue postsecondary degrees in the sciences, Newark used Recovery Act Title I funds to offer a Scientist-in-Residence Summer Institute. Middle school students designed a flight around the world using information relative to atmospheric conditions, and high school students used simulators to plan a worldwide trip.
New York City Department of Education—New York, New York

The New York City Department of Education (New York) was established in 1842 as the New York City Board of Education. It is the largest system of public schools in the nation based on enrollment. In 2010–2011, the district served more than 1 million students and had total revenues of almost $19 billion.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>$317.2</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

New York officials said they planned to use Recovery Act Title I funds primarily to save jobs and maintain existing services and activities at a reduced level. These activities included after-school programs, parental involvement, and online supplemental coursework. The officials said the district planned to use about 81 percent of its Recovery Act Title I funds for personnel expenditures, including for salaries and benefits, and spend the remainder for nonpersonnel expenditures such as supplies.
Recovery Act IDEA
New York officials said the district used 91 percent of Recovery Act IDEA funds for salaries and benefits. The district used most of the funds to expand special education services and activities, including implementing a new early intervention program. This program provided academic and behavioral support for students with disabilities by providing early intervention services to reduce the number of special education referrals and meet the students’ needs in a least restrictive environment. The district also used Recovery Act IDEA funds for services and activities intended to promote social and emotional growth and reduce aggressive, confrontational, and inappropriate behaviors. It also used the funds for seven professional development courses for teachers in its Coordinated Early Intervening Services program.

ESF and Ed Jobs
New York used ESF and Ed Jobs funds to minimize the number of staffing cuts needed to balance the budget for 2010–2011.

Will the District Spend All the Funds?
New York officials said the New York SEA increased the district’s Recovery Act IDEA grant to $317.2 million. They said that the district had spent all of its stimulus funds as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
New York officials said that State mandates restricted how the district could spend stimulus funds. A Title I mandate addressed the Supplemental Educational Services requirement for year-end summary reporting. Special education mandates established guidelines for maximum caseloads for consultant teacher services, speech and language services, maximum group size for resource rooms, maximum number of students for coteaching classes, and maximum group sizes for autism programs. Another special education mandate required a 15 percent investment of a district’s Recovery Act and regular IDEA funds to support elementary and secondary school students who were not receiving special education or related services but who needed additional academic and behavioral support to succeed in a general education environment.

Will the District Have a Funding Cliff?
New York officials said they expected to face a funding cliff of about $275 million by 2011–2012 when stimulus funds were depleted. District officials anticipated that school budgets would be reduced systemwide but did not plan to lay off teachers. In addition, the district planned to reduce expenses at central and field offices in the district.

How Are the Funds Supporting Educational Reforms?
A New York administrator said the district used stimulus funds to retain and create jobs and expand programs and activities for special education and early intervention services. The administrator stated that the district used other Recovery Act funds (which were not covered by the scope of our review) for new programs supporting areas of reform.
Use of Recovery Act Title I Funds to Supplement Title I Services at Private Schools. New York officials said that the district used Recovery Act Title I funds to support the 21st Century Partners in Learning program. This program was a new initiative for private schools intended to offer a comprehensive approach to raising student academic achievement through an innovative learning opportunity that supplements Title I student instruction. This initiative involves teacher and student learning opportunities in reading, writing, math, and cyber safety. The goal of the program is to help students meet State content and performance standards and achieve academic proficiency at grade level. The district used Recovery Act Title I funds to establish the program at 218 private schools, including the purchase of about 19,500 laptops and more than 2,000 individualized coaching and professional development sessions with the teachers of Title I students. The New York SEA was working with its grant evaluator to formally evaluate this initiative.

Title I requires LEAs to provide services for eligible private school students. To be eligible, generally a student must live in the attendance area of a Title I public school located in a low-income area. The student must also be failing or at risk of failing to meet student academic achievement standards. The services that the LEA provides must be equitable to those provided to eligible public school children. These services are designed to supplement the educational services provided by the private school.
Omaha Public Schools—Omaha, Nebraska

Omaha Public Schools (Omaha) is located in Omaha, Nebraska. The district was established in 1859 and is the largest school district in the State based on enrollment. Omaha served about 47,000 students and had total revenues of about $665 million in 2010–2011.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

Omaha officials said the district used Recovery Act Title I funds to expand the Title I program to additional elementary and secondary schools, doubling the number of students with access to Title I services. The number of Title I schools expanded from 43 schools in 2008–2009 to 76 schools in 2009–2010 and 2010–2011. Specifically, the district used the funds for salaries and benefits, instructional materials, professional development, summer and after-school programs, dropout prevention, computers, software, and teaching aids. The district also used the funds for supplemental services to students from low-income families, which targeted students with the greatest academic needs.
Recovery Act IDEA
According to district officials, Omaha used the largest portion of its Recovery Act IDEA funds on personnel costs, including paying certified staff, education specialists, and office staff. The district used the remaining funds for nonpersonnel costs such as curricula, instructional materials, professional development, computers, teaching aids, and specialized instructional technology including upgraded hearing aids. The district also purchased a special education Web-based management system and related training for teachers. Officials said that the district also purchased assistive technology for students with disabilities intended to enhance their access to the educational program.

ESF
Omaha used ESF funds for salaries and benefits, instructional materials, professional development, a summer school program for about 7,400 elementary school students, dropout prevention for at-risk students age 17 or older, Internet services, computers, software, systems to track teacher and student performance, and information technology infrastructure.

Ed Jobs
Omaha officials said the district planned to use Ed Jobs funds for salaries and benefits to maintain existing elementary and secondary education services and activities.

Will the District Spend All the Funds?
Omaha officials said that the district had spent all of its Recovery Act IDEA and ESF funds and more than 99 percent of its Recovery Act Title I funds as of December 31, 2011. The Nebraska SEA received a waiver to extend the grant period for Recovery Act Title I funds for an additional year. An SEA official said Omaha’s Ed Jobs grant was increased to $10.5 million and the district had spent 98 percent of the total grant amount as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
Omaha’s Controller said that the Nebraska SEA, school board, and administrators significantly influenced how the district could spend stimulus funds. The district received ESF funds from the Nebraska SEA as part of the district’s general State aid. Omaha’s school board and school administrators established priority areas for using stimulus funds. The district used its regular planning and budget process for stimulus funds. However, the stimulus budget process also included an accountability task force of 15 district employees from various departments to help develop spending plans.

Will the District Face a Funding Cliff?
Omaha officials said that they expected a moderate funding cliff when stimulus funds were no longer available. Because it used Recovery Act Title I funds to expand the number of Title I schools, the district expected to reduce the number of Title I schools from 76 to 49 once Recovery Act funds were no longer available. The district anticipated an $8 million shortfall for FY 2011–2012 related to activities funded by Recovery Act IDEA and ESF. To sustain operations at current levels, the district planned to reduce its budget by eliminating some administrative and paraprofessional positions, increasing class sizes, and scaling back activities that require pay for substitute teachers or work outside of regular hours.
How Are the Funds Supporting Educational Reforms?

According to Omaha officials, the district used Recovery Act funds to support educational reforms that it might not otherwise have been able to pursue.

Omaha officials provided the following examples of how Recovery Act funds supported reform in the areas of innovative education, improving schools, raising student academic achievement, and implementing local or State education reform initiatives.

- The district used Recovery Act Title I funds to provide supplemental services, offer professional development, and expand student access to Title I services. The district also established smaller learning communities to instruct students in reading and math.
- The district used Recovery Act IDEA funds for a Web-based special education management system. Additionally, the district purchased professional development, computers, teaching aids, and specialized instructional technology intended to better engage students with disabilities.
- The district used ESF funds to support dropout prevention programs for at-risk students, an expanded summer school program, an electronic teacher-appraisal system, and a student assessment tool.

Dropout Prevention. Omaha used ESF funds for a dropout prevention program that was intended to provide a new opportunity for students to complete a high school diploma. According to Omaha’s Web site, the program resulted in Omaha’s graduation rate increasing from 70 percent in FY 2008–2009 to 72 percent in FY 2009–2010. This increase was the largest in the district’s graduation rate in at least 5 years.

The School District of Philadelphia (Philadelphia) was established in 1818 and is the eighth largest school district in the nation based on enrollment. For 2010–2011, the district estimated revenues of about $3 billion and had an enrollment of about 155,000 students.

### Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>49%</td>
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<tr>
<td>IDEA</td>
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<td>65%</td>
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<td>88%</td>
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### Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

![Percentage Spent Chart]

### How Did the District Spend the Funds?

#### Recovery Act Title I

Philadelphia officials said they used Recovery Act Title I funds to expand existing education services and activities. For example, the district used the funds to hire teachers to reduce class sizes in grades K–3 at low-performing schools, hire counselors, and expand academic opportunities for summer school. They also used the funds to create an early childhood center intended to improve parents’ access to services for children age 3 and under.

#### Recovery Act IDEA

Philadelphia officials told us they used Recovery Act IDEA funds to hire full-time auxiliary special education teachers, monitor school-level special education compliance, and conduct special education
training. The district used the funds to implement a School Based Social Service program. The program was intended to help schools support families of students facing learning barriers because of social or behavioral issues. The district also used the funds to purchase research-based instructional aids and interventions, including assistive technology devices. District officials said that they used about 73 percent of the funds to expand existing services and activities and about 27 percent to add new services and activities.

**ESF and Ed Jobs**
Philadelphia officials said that the district used ESF and Ed Jobs funds primarily to replace reductions in State funding. Officials reported using about 39 percent of ESF funds to maintain existing services and activities and about 61 percent to expand them. For example, the district hired teachers to help students get back on track for graduation by retaking English or math classes that the students had not passed. The district also added teachers to improve services to English language learners and to supervise and teach suspended students in elementary, middle, and high schools.

The district officials said they planned to spend Ed Jobs funds on personnel costs to maintain existing services and activities.

**Will the District Spend All the Funds?**
Philadelphia officials said that the district had spent all of its stimulus funds as of December 31, 2011.

**What Factors Influenced How the District Spent the Funds?**
Philadelphia officials said both State and local stakeholders influenced how the district could spend its stimulus funds. Specifically, the district received ESF and Ed Jobs funds in place of State education funding. Philadelphia officials said that as a result, the district did not receive a net increase in funding. They also did not expect State and local funding to return to prerecession levels for 6 or more years. Philadelphia officials said that local influences included the district’s school board, school administrators, parent teacher associations, and community organizations. They said those groups were key stakeholders in Philadelphia’s strategic plan, “Imagine 2014,” which drove the stimulus funding decisions. This budgeting approach helped them decide how to use the stimulus funds to accomplish the district’s strategic initiatives.

**Will the District Face a Funding Cliff?**
Philadelphia officials expected to face a significant budget shortfall in FY 2011–2012. District officials said that as a result, they expected to discontinue or end some services and activities supported with stimulus funds. They planned to preserve some stimulus-funded services and activities by rearranging spending priorities and redirecting other funding.
How Are the Funds Supporting Educational Reforms?

Raising Student Academic Achievement and Implementing Local or State Education Reform Initiatives

According to Philadelphia officials, the district used stimulus funds to support and expand initiatives in the district’s 5-year strategic plan to advance these areas of reform. They used stimulus funds to supplement a variety of funding sources and accelerate the reforms. For example, officials said that they used stimulus funds for parent ombudsmen and student advisors, regional early childhood centers, reading recovery teachers, professional development, parental involvement activities, bilingual counseling assistants, charter schools, early childhood programs, partnership schools, peer mediation, and summer school. They also used the funds to reduce class sizes, hire additional counselors to reduce the student-counselor ratio, expand summer learning opportunities, redesign core curriculum, and expand the English language learners program.

Districtwide Use of Recovery Act IDEA Funds. Philadelphia officials said they used Recovery Act IDEA funds to purchase research-based instructional aids and interventions, including assistive technology devices, for all schools. Officials said that placing these aids and interventions at all schools was intended to provide students with disabilities with easier access to these materials and eliminate the need to transport students to other locations.
Providence Public School District—Providence, Rhode Island

Providence Public School District (Providence) is located in Providence, Rhode Island, which is the State capital and most populous city in the State. Providence served about 24,000 students and had total revenues of about $375 million in 2010–2011. About 80 percent of Providence students live in poverty and 21 percent receive special education services.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>$64.9</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I

Providence used Recovery Act Title I funds to develop curriculum frameworks, provide professional development for teachers, and provide instructional materials for the district’s math, science, social studies, and English language arts programs. They also used the funds for evaluation and technical assistance programs for central office staff and to purchase furniture, computers, and equipment to upgrade the Family and Community Resource Center.
Recovery Act IDEA
Providence used Recovery Act IDEA funds to establish the Alternative Day Clinical Program for students with behavioral disabilities; to fund additional aides for services to students with individualized education plans; and to expand the district’s extended school year program, which added 16 classrooms and increased staffing. Providence also used the funds to hire 10 special education specialists who support special education teachers, principals, and staff. The district also used the funds to expand professional development for special education teachers.

ESF and Ed Jobs
Providence officials said they used the ESF and Ed Jobs funds to offset the loss of State education aid. Specifically, Providence used the funds to retain teachers and teaching assistants.

Will the District Spend All the Funds?
Providence officials said that the district had spent all of its Recovery Act Title I, IDEA, and ESF funds as of December 31, 2011. The district’s Ed Jobs allocation increased to $8.8 million and district officials said they had spent about 89 percent of the funds as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
According to Providence officials, the SEA advised them to use the ESF and Ed Jobs funds to replace State funding reductions. District officials said they used a coordinated approach in planning and budgeting for stimulus grants: the district followed its normal budgeting process and worked closely with the Rhode Island SEA to develop a spending plan that addressed the educational reform areas in the Recovery Act. The district usually budgeted regular Title I and IDEA funds for a single year, but the district budgeted the Recovery Act Title I and IDEA funds over 2 years to prevent exhausting the funds in the first year. Officials also said they used the stimulus funds to address issues highlighted in the district’s strategic plan.

Will the District Face a Funding Cliff?
Providence officials did not expect to face funding cliffs for any of the stimulus funds because of the district’s efforts to ensure it used the funds for one-time sustainable projects that would continue after the funds were depleted. Furthermore, the officials anticipated that the Rhode Island SEA would restore the district’s funding to prerecession levels by using other State and local revenue, such as video lottery revenues, and possibly by raising property taxes.

How Are the Funds Supporting Educational Reforms?
Providence officials provided the following examples of how stimulus-funded projects supported areas of reform.

Innovative Education
The district used Recovery Act IDEA funds for the Services to Students Project. This project established the Alternative Day Clinical Program intended to support students with behavioral disabilities who were previously placed outside the district. Three new classes were fully staffed, and included a designated social worker and mental health, vocational, and transition services.
Improving Schools
The district used Recovery Act Title I and IDEA funds for the Infrastructure of Support Project. Recovery Act IDEA funds for this project allowed the district to digitize all remaining special education records, which streamlined data warehousing and increased teachers’ and administrators’ access to student records. Recovery Act Title I funds were used for this project to evaluate program implementation and to provide technical assistance for monitoring student progress.

Raising Student Academic Achievement
The district used Recovery Act Title I funds for the Curriculum Framework Project, which was intended to improve the quality and focus of instruction to address low levels of student achievement. The project focused on developing a high-quality curriculum framework for elementary and secondary education with instructional interventions and supplementary instructional materials. Providence officials said they planned to measure the project’s effect on student achievement after it was fully implemented.

Implementing Local or State Education Reform Initiatives
The Curriculum Framework Project also supported Rhode Island education reform initiatives by aligning the curriculum with 26 other States involved in the Partnership for the Assessment of Readiness for College and Careers.

More on the Infrastructure of Support Project. Providence officials said they used Recovery Act IDEA funds for a portion of the Infrastructure of Support Project, which focused on enhancing the district’s overall ability to support special education teaching and learning. The district hired 10 new special education specialists who support special education teachers, departments, and principals. Officials said they also expanded professional development for special education teachers and developed rigorous, college-ready curriculum frameworks in English language arts and math. The professional development focused on content delivery and methodology to meet the goals and objectives of individualized education plans for students with disabilities.
Rapid City Area Schools—Rapid City, South Dakota

Rapid City Area Schools (Rapid City) is located in Rapid City, South Dakota, which is the second most populous city in the State. Rapid City served about 13,000 students and had total revenues of about $115 million in 2010–2011.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>$3.4</td>
<td>85%</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I
Rapid City used Recovery Act Title I funds to expand a full-day kindergarten program to all Title I schools. The district also used the funds to expand professional development opportunities and integrate technology in classrooms, including computers and devices that project classroom activities to enhance discussions of books and assignments.

Recovery Act IDEA
Rapid City officials said the district used a portion of its Recovery Act IDEA funds to pay existing special education teachers. The district also used the funds to expand services and activities. For example, the district purchased assistive technology such as interactive whiteboards and handheld text readers for...
students with speech disabilities. Rapid City also used the funds to provide professional development for teachers and paraprofessionals, including providing additional in-service training and sending additional teachers to conferences, such as one focused on teaching students with autism. According to a Rapid City official, the district would not have been able to provide the additional training without Recovery Act IDEA funds.

**ESF and Ed Jobs**
Rapid City officials said they received ESF and Ed Jobs funds in place of general State aid. The officials also said that the district used all of its ESF and Ed Jobs funds to pay existing salaries and benefits as it would have done with its general State aid.

**Will the District Spend All the Funds?**
Rapid City officials said that the district had spent all of its stimulus funds as of December 31, 2011.

**What Factors Influenced How the District Spent the Funds?**
Rapid City officials said that both State and local stakeholders had significant influence on the planning and budget process and how the district spent stimulus funds. For ESF and Ed Jobs funds, the 2008 recession negatively affected State revenues supporting elementary and secondary education, and the district received the funds in place of general State aid. For Recovery Act Title I and IDEA funds, district administrators and school principals, staff, and parents conducted needs assessments. Parent teacher associations provided input on school improvement plans.

**Will the District Face a Funding Cliff?**
Rapid City officials did not expect a funding cliff when stimulus funds were no longer available. They said the district planned its use of the Recovery Act Title I and IDEA funds with the understanding that the funds were one-time in nature. Once these funds were depleted, the district planned to use alternative funding sources to sustain any activity or program it started or employees it hired. For FY 2008–2009 through FY 2010–2011, the officials said the district received a like amount of ESF and Ed Jobs funds in place of regular payments of general State aid from the State. District officials said that in FY 2011–2012, the State would provide Rapid City with State aid based on the per-student funding formula, as it did prior to FY 2008–2009. Therefore, Rapid City would not experience a funding cliff once ESF and Ed Jobs funds were depleted.

**How Are the Funds Supporting Educational Reforms?**

**Innovative Education and Raising Student Academic Achievement**
A Rapid City official said the district supported these areas of reform by using Recovery Act Title I funds to expand professional development opportunities in literacy and math. The district also used these funds to integrate technology into the classroom and to provide all Title I schools with a full-day kindergarten program. The official also stated that the district developed longitudinal data and common academic assessments. According to the official, the use of Recovery Act Title I funds resulted in improved student achievement, based on State assessment data.
A school bus purchased with Recovery Act IDEA funds. Rapid City officials said the district used a portion of these funds for two new school buses for transporting students with disabilities. The buses reduced travel time and improved safety and security of students with disabilities during transport to and from school.
San Juan Unified School District—Carmichael, California

San Juan Unified School District (San Juan) is a suburban school district located just outside the Sacramento city limits in Carmichael, California. In 2010–2011, the district served about 41,000 students and had total revenues of about $341 million.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I and IDEA
San Juan officials said the district used about half of its Recovery Act Title I funds to retain counselors, teachers, classified staff, and administrative personnel that would have been laid off without these funds. District officials said that they used the remaining Recovery Act Title I funds along with Recovery Act IDEA funds for the initial costs of start-up technology to implement a new literacy program for students attending Title I schools and for students with disabilities.

San Juan also spent Recovery Act IDEA funds on new assistive technology for classrooms, such as tablet computers, interactive whiteboards, and related software. The district also purchased new portable assistive technology that students with disabilities used as speech-assistive devices. Officials said the
students preferred them over the older, bulkier, and more expensive devices. The district also used Recovery Act IDEA funds for professional development and coaching for teachers on using the new assistive technology.

**ESF**
San Juan used most of its ESF funds for personnel costs. Due to the availability of these funds, in August 2009 the district was able to cancel about half of the layoff notices it issued in May 2009. The district used some of the funds for nonpersonnel costs, such as computers to take attendance in middle and high school classrooms. The computers were part of a scheduled computer-replacement program.

**Ed Jobs**
San Juan officials said the district planned to use Ed Jobs funds for salaries and benefits of counselors, vice principals, and principals in FY 2011–2012.

**Will the District Spend All the Funds?**
San Juan officials said that the district had spent all of its Recovery Act Title I, IDEA, and ESF funds and 54 percent of its Ed Jobs funds as of December 31, 2011.

**What Factors Influenced How the District Spent the Funds?**
Although the State provides funding for students with disabilities, its funding levels have not been sufficient to meet the needs of these students. Because the district is required to provide services to all students with disabilities, San Juan usually fills this funding gap by using the district’s general fund. A San Juan official told us that the district used about half of their Recovery Act IDEA funds to temporarily fill part of the State funding gap that was normally filled by the district’s general fund.

Locally, the school board, superintendent, and school site leadership considered the district’s strategic plan and provided input on the priorities for spending stimulus funds. The district’s executive team then decided how to use the funds based on the highest priorities and the stimulus grant requirements. The school board gave final approval for all spending decisions.

**Will the District Face a Funding Cliff?**
San Juan officials said the district would likely face funding cliffs once the Recovery Act Title I, ESF, and Ed Jobs funds were depleted. The district used or planned to use some of its Recovery Act Title I funds and most of it ESF and Ed Jobs funds to avoid layoffs. If the district did not receive full funding from the State or if local revenue did not improve, the district expected that it would have to increase class sizes and lay off personnel such as counselors, campus monitors, and media technicians. The district did not expect to face a funding cliff related to Recovery Act IDEA funds.

**How Are the Funds Supporting Educational Reforms?**

**Improving Schools and Raising Student Academic Achievement**
San Juan officials said the district supported these areas of reform by using both Recovery Act Title I and IDEA funds to purchase the new literacy program along with the related technology and professional
development. District officials said that the program is intended to better motivate and engage students.

Source: OIG photo

**Reading materials at Churchill Middle School used in a new literacy program.** The district used both Recovery Act Title I and IDEA funds to purchase a new literacy program. Schools used the program as an early intervention tool for Title I students in grades 4 through 8 and as an alternative literacy program for students with disabilities. The program includes student software, computer-based teacher and administrator assessment tools, and leveled reading materials, which are categorized into levels that correspond with a student’s reading ability. The program also included professional development to help teachers implement a teaching approach that involves instruction in large and small groups, as well as independent study.

San Juan officials said that schools were beginning to see positive results in student academic achievement from the new literacy program. The district was beginning to benchmark the academic growth of students so it could better measure future results. Additionally, officials stated that parents and the community had provided positive feedback on the alternative literacy program for students with disabilities.
Seattle Public Schools—Seattle, Washington

Seattle Public Schools (Seattle) is located in the city of Seattle, Washington, the most populous city in the State. In 2010–2011, Seattle had an enrollment of about 47,000 students, including an increase in its bilingual population to about 5,000 students, and total revenues of about $539 million.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<tr>
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<td>$11.1</td>
<td>45%</td>
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</tr>
<tr>
<td>IDEA</td>
<td>$12.4</td>
<td>83%</td>
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How Did the District Spend the Funds?

Recovery Act Title I

Seattle officials told us that the district spent 55 percent of its Recovery Act Title I funds to maintain existing elementary and secondary education services and activities and 36 percent to expand them. Expenditures included professional development for the reading-writing teaching strategy program, early learning, bilingual coaches, and after-school classes and activities like the Team Read program (see the caption on the next page for more information). The district used about 9 percent of the funds for a new professional development workshop in math and literacy.
Recovery Act IDEA
According to Seattle officials, the district spent 57 percent of its Recovery Act IDEA funds to maintain existing elementary and secondary education services and activities, including transportation services and summer school classes. The district used 43 percent of the funds to expand existing services and activities. For example, the district used the funds to restructure service delivery in the district to become more school- and neighborhood-based, purchase a data system for individualized education plans for students with disabilities, and pay for professional development.

ESF
Seattle used all of its ESF funds to replace State funding reductions. District officials said they spent about 84 percent of the funds on personnel expenditures to maintain pay levels and about 16 percent on indirect costs.

Ed Jobs
Seattle officials said the district initially planned to spend all of its Ed Jobs funds on personnel costs in 2011–2012 and had not spent any of the funds as of March 31, 2011. However, the district subsequently received a reduced amount of basic education funding from the State for the 2010–2011 school year. As a result, Seattle used all of its Ed Jobs funds from November 2010 through May 2011 to mitigate the State funding reduction and preserve jobs.

Will the District Spend All the Funds?
Seattle officials said that the district had spent all of its stimulus funds as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
According to Seattle officials, the 2008 recession had a severe impact on the State of Washington’s primary revenue source, sales taxes. The amount of ESF and Ed Jobs the district received offset cuts in State education funding. For Recovery Act Title I and IDEA, district officials said the decisionmaking process the district used was the same as its normal budget process. Seattle officials told us that they coordinated decisionmaking districtwide and used the funding to address issues described in its strategic plan, including enhancing early learning and bilingual education efforts.

Will the District Face a Funding Cliff?
Seattle officials told us that funding cliffs were not a problem for the ESF or Ed Jobs grants. For Recovery Act Title I and IDEA, officials said they tried to avoid funding cliffs but anticipated making some cuts to central office staffing and other activities. They said these cuts would not directly affect the district’s elementary and secondary education program. Seattle planned to use regular Title I funds to help address the Recovery Act Title I funding cliff and planned to prioritize activities and draw down other funds, including other Federal funds, local property tax revenue, and certain State funding to keep higher priority activities operating.
How Are the Funds Supporting Educational Reforms?

Innovative Education and Raising Student Academic Achievement

According to Seattle officials, Recovery Act Title I and IDEA funds helped the district to pursue these areas of reform. For example, the district used Recovery Act Title I funds to expand the focus of its Early Learning Development, tutoring, and extended day programs. The district used Recovery Act IDEA funds to help transition more quickly to a centralized, comprehensive special education system across all schools. This system is intended to increase graduation rates for students with disabilities.

Beacon Hill International School, which offers the Team Read program. Through this program, middle and high school students tutor elementary students in reading. Program goals are to improve literacy among 2nd and 3rd graders and provide employment to middle and high school students. Participating tutors can receive 60 hours credit toward their community service requirement. Alternatively, tutors can choose either to be paid an hourly minimum wage or to deposit 1.5 times the minimum wage in an account to help finance their college education.

The program was originally funded through a local foundation grant that had lowered its funding level. Seattle officials stated that without Recovery Act Title I funds, the program would have been reduced to 8 schools, rather than the current 10 schools, and one staff position would have been eliminated from the program.
Virginia Beach City Public Schools—Virginia Beach, Virginia

Virginia Beach City Public Schools (Virginia Beach) is an urban school district that serves about 69,000 students. It is the third largest school district in the State based on enrollment and had total revenues of about $794 million in 2010–2011.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

Recovery Act Title I and IDEA

Virginia Beach officials said they used or planned to use Recovery Act Title I and IDEA funds for services and activities throughout the district. District officials said that they used these funds to expand existing instructional initiatives. For example, the district used the funds to purchase instructional materials for the reading and math programs, build internal capacity by providing professional development to more staff, and contract additional instructional staff to support initiatives at the expanded levels. The district also used these funds to upgrade technology, such as purchasing interactive whiteboards for use by educationally disadvantaged students and students with disabilities.
ESF
Virginia Beach officials said that the district used ESF funds for one-time, long-term investments to avoid recurring expenses. The officials also said that the district used some of the funds to restore cuts in basic State aid. The district used some of the funds to replace an elementary school (see the photo and caption on the next page for more information). It spent the remaining funds on nonpersonnel expenses such as professional development, tuition reimbursement, support for contracted services, and the purchase of technology, textbooks, and instructional materials.

Ed Jobs
Virginia Beach officials said that the district planned to use some of its Ed Jobs funds in FY 2011–2012 to pay for a one-time, 2.5 percent bonus to qualified instructional employees who had not received a raise in about 3 years. The district also planned to use some of the funds for the salaries of 85 instructional employees and for employee benefits.

Will the District Spend All the Funds?
Virginia Beach officials said that the district had spent all of its Recovery Act Title I, IDEA, and ESF funds as of December 31, 2011. Officials also said the Virginia SEA increased the district’s Ed Jobs grant to $14.7 million and that they had spent about 82 percent of the total grant amount as of December 31, 2011.

What Factors Influenced How the District Spent the Funds?
Virginia Beach officials said the district incorporated Recovery Act Title I and IDEA funds into their normal coordinated planning and budgeting process, which helped to develop a more cohesive spending plan and to eliminate redundancy. One official said that district departments worked together to achieve a shared goal and spend the funds the best way possible. During the initial planning for Recovery Act Title I, the district’s Title I office worked collaboratively with each of its Title I schools. An official said the district worked with each Title I school individually to address the school’s specific needs. To develop spending plans for Recovery Act IDEA, officials said the district’s special education office considered input from the school board, superintendent, deputy superintendent, directors, principals, teachers, parents, transportation staff, and others. According to officials, this collaborative approach involved all parties affected by Recovery Act IDEA funding, including input from a local external organization, the Special Education Advisory Committee.

Will the District Face a Funding Cliff?
Virginia Beach officials said they expected a funding cliff once Recovery Act Title I and IDEA funds were depleted. Although the district tried to use these funds on one-time, long-term investments to avoid funding cliffs, it also used Recovery Act Title I and Recovery Act IDEA funds to contract 76 and 106 instructional staff, respectively. Virginia Beach officials said that the district planned to address the funding cliff by paying for these positions with other revenues to the extent possible. Officials said that the district would face a funding cliff related to 16 employees previously funded with Recovery Act IDEA funds and the 85 employees that the district planned to fund with Ed Jobs funds.
How Are the Funds Supporting Educational Reforms?

Innovative Education, Improving Schools, and Raising Student Academic Achievement

According to Virginia Beach officials, stimulus funds helped the district pursue these areas of reform. For example, the district used the funds to build internal capacity districtwide by sending more staff to professional development courses. District officials said that one of the courses offered to Title I schools led to a collaborative effort among instructors. First, instructors from six schools attended a class focused on identifying the key elements that the students should learn from curriculum. Next, the instructors observed students in the classroom and collected data to assess student growth. Finally, the instructors discussed their observations with each other and reflected on their own practices. Virginia Beach officials also said that the district used stimulus funds to better integrate technology in classrooms, which supported the district’s strategic plan for student success.

Rain garden at College Park Elementary School. Virginia Beach used some of its ESF grant money, local funds, and charter bonds to construct a new energy-efficient building to replace the old elementary school. The project included an underground rainwater storage system, recycled construction materials, light sensors to save energy, and solar panels to generate electrical power. The school earned the nonprofit U.S. Green Building Council’s certification as a Leader in Energy and Environmental Design Platinum building, their highest certification.
Wichita Public Schools—Wichita, Kansas

Wichita Public Schools (Wichita) is located in Wichita, Kansas, the largest urban area in the State based on population. In 2010–2011, Wichita served about 50,000 students and had total revenues of about $582 million.

Stimulus Grant Award Amounts (millions) and Percentage Spent

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<td>Title I</td>
<td>$19.6</td>
<td>67%</td>
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<td>IDEA</td>
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<td>$72.7</td>
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Percentage Spent (Actual and Planned) on Personnel and Nonpersonnel by Stimulus Grant

How Did the District Spend the Funds?

**Recovery Act Title I**
Wichita officials said the district used Recovery Act Title I funds to expand its Title I program to 17 additional schools. The district used the funds primarily for instructional coaches and technology in these schools. The instructional coaches provided professional development intended to improve teachers’ performance in the classroom. The technology was intended to help improve students’ academic performance.

**Recovery Act IDEA, ESF, and Ed Jobs**
Wichita officials said that the district used Recovery Act IDEA, ESF, and Ed Job funds to stabilize the district’s budget by paying a portion of salary and benefits of existing personnel. They said that the
State reduced general State aid and special education funding because of budget constraints at the State level. ESF and Ed Jobs funds replaced cuts in State aid and resulted in no net increase in Wichita’s revenue. The State also reduced its allocations for special education when Recovery Act IDEA funds became available. Because of the shortfalls at the State level, the district used these three grants to help avoid layoffs.

**Will the District Spend All the Funds?**

Wichita officials said that the district had spent all of its Recovery Act Title I, IDEA, and ESF funds as of December 31, 2011. Officials also said the Kansas SEA increased the district’s Ed Jobs grant to $10 million and that they had spent 100 percent of the total grant amount as of December 31, 2011.

**What Factors Influenced How the District Spent the Funds?**

Wichita officials said that three State entities influenced how the district spent stimulus funds: the Governor, State legislature, and SEA. The Governor recommended how the State should allocate stimulus funds to school districts in the proposed State budget. State budget shortfalls resulted in cuts of more than 10 percent for education funding and school districts received ESF and Ed Jobs funds in place of State funds normally paid from the State’s general fund. The Kansas SEA strongly encouraged the district to spend ESF and Ed Jobs funds on teachers’ salaries and benefits.

Wichita officials said that at the local level, they used their normal planning and budgeting process to determine how to spend stimulus funds. They considered input from Wichita’s School Board, school administrators, parent teacher associations, and other community members. They said that the district’s board of directors approved the overall stimulus spending budget before it was submitted to the county for approval. School administrators and members of the community (including a parent teacher association) met periodically to assess the best use of funding from all sources. The school board held a “Board’s Night Out” to seek input from community members on spending for programs, activities, and staffing.

**Will the District Face a Funding Cliff?**

Wichita officials said that they expected a funding cliff when Recovery Act Title I funds were depleted. Of the 17 new Title I schools, only 6 would continue receiving regular Title I funding in FY 2011–2012. Wichita officials also expected that the district would reduce overall staffing by about 68 full-time equivalent positions in FY 2011–2012 when Recovery Act Title I funds were depleted.

**How Are the Funds Supporting Educational Reforms?**

**Raising Student Academic Achievement**

Wichita officials said that 13 of the 17 schools that received Recovery Act Title I funds would likely show improvements in State reading and math assessments from previous years. They attributed these improvements to Wichita’s education reforms, which included hiring instructional coaches for teachers and purchasing additional technology.
More on Wichita’s Use of Recovery Act IDEA, ESF, and Ed Jobs Funds to Avoid Layoffs. Wichita officials said the district used Recovery Act IDEA, ESF, and Ed Jobs funds to retain teachers and other personnel. Depending on the grant and reporting quarter through March 31, 2011, the district reported a low of about 255 full-time equivalent positions and a high of about 610 full-time equivalents for the three grants combined. Officials said that retaining teachers helped the district to maintain class sizes and to avoid disruptions that could negatively affect student learning. However, officials expected layoffs after 2010–2011. They expected $30 million in budget cuts for 2011–2012 when ESF and Ed Jobs funds were depleted. When Recovery Act IDEA funds were depleted, they expected the State to increase special education funding in 2011–2012 and did not expect to lay off special education teachers or paraprofessionals.
Appendix 3. School District Use of the IDEA Maintenance of Effort Flexibility Provision

The Recovery Act provided a substantial amount of supplemental IDEA funding to States and LEAs, including the school districts in our review. The Act made about $11.3 billion in Recovery Act IDEA funds available nationwide, which basically doubled the amount of IDEA funding (Recovery Act and regular IDEA funds combined) available to most LEAs. The increased IDEA funding presented an opportunity for eligible LEAs to reduce local expenditures for the education of students with disabilities below the level of those expenditures in the previous year.

Under the IDEA, an LEA generally cannot reduce the amount of local funds it spends on the education of students with disabilities (known as its local maintenance of effort, or MOE) below the level of those expenditures in the previous fiscal year. However, an LEA that receives an increased allocation of IDEA funds from one year to the next has the option to reduce the amount of local special education expenditures by up to 50 percent of the increase. We refer to this option as the MOE flexibility provision. The circumstances in which an LEA may adjust its MOE because of an increased IDEA allocation are described in Section 613(a)(2)(C) of the IDEA. If an SEA determines that an LEA has met the requirements of the IDEA and the LEA chooses to exercise the MOE flexibility provision, the LEA must use any funds that it would have otherwise spent on special education and related services (freed-up funds) to support activities authorized under the Elementary and Secondary Education Act of 1965.

In April 2009, the Department issued guidance that prompted SEAs to encourage LEAs that exercised the MOE flexibility provision to use their freed-up local funds for one-time expenditures designed to help the State make progress in addressing the educational reform goals expressed in the Recovery Act. Examples of educational reform included achieving the equitable distribution of effective teachers and improving the quality and use of assessments to enhance instruction for students most in need.

We asked officials in the 22 States covered in our review how many of their LEAs were eligible to exercise the MOE flexibility provision. Officials in 14 States reported that 70 percent or more of their LEAs were eligible statewide. LEA eligibility rates ranged from 5 percent eligible in the District of Columbia to 99 percent eligible in South Dakota.

According to a 2011 GAO survey, more than 25 percent of the LEAs nationwide reduced their local special education expenditures because of the MOE flexibility provision and the large influx of Recovery Act IDEA funds. Officials in 4 of the 22 States in our review said that none of their LEAs exercised the MOE flexibility provision. An official from only one State, Florida, reported that all of its eligible LEAs exercised the provision. Officials in the remaining States, with the exception of Hawaii, said the number of eligible LEAs that reduced their local MOE expenditures varied from just a few LEAs to more than half of them statewide. Hawaii was unique in that the State has only one LEA, and it chose to reduce its expenditures because of the MOE flexibility provision.
MOE at the State level.\textsuperscript{24} Figure 6 on the next page shows the percentage of LEAs in 21 States that could and did exercise the MOE flexibility provision.\textsuperscript{25}

State or district officials reported that 12 of the districts in our review were eligible to exercise the MOE flexibility provision, 8 districts were determined to be ineligible. The Louisiana SEA did not determine the eligibility of one district, Caddo, because the district did not intend to exercise the provision. Hawaii officials said that the State was eligible and planned to free up about $20 million in State financial support.

Officials in 7 of the 12 eligible districts said their districts reduced their local MOE expenditures, which freed up funds ranging from a total of $3 million to about $6 million. Officials in four of the seven districts said they spent or planned to spend some or all of the freed-up funds on salaries and benefits. They also said their districts used freed-up funds for activities such as professional development, work stations, books, and instructional materials. For example, Seattle officials reported the district used or planned to use its freed-up funds for activities such as recalling laid-off personnel, hiring an International Education Manager, purchasing work stations for new classrooms, restoring a learning-improvement day for teacher planning, and providing professional development for its Professional Learning Communities program. Rapid City officials said the district spent or planned to spend the majority of the district’s freed-up funds on elementary school teachers’ salaries and benefits and a small amount on salaries and benefits for middle school teachers.

We based our information describing LEA eligibility and use of the MOE flexibility provision primarily on discussions with officials in the 22 States and school districts included in our review and documents they provided. We did not verify the officials’ statements or validate the data we received because the scope of our review did not include detailed analysis of State or school districts’ use of the MOE flexibility provision. In August 2011, OIG initiated a separate review of selected SEAs’ and LEAs’ administration and use of the MOE flexibility provision due to the influx of Recovery Act IDEA funds.

\textsuperscript{24} An SEA may similarly reduce MOE if the SEA meets certain eligibility requirements (Section 613(j) of the IDEA).
\textsuperscript{25} The State special education director at the Rhode Island SEA stated that the SEA did not have data on the number of LEAs that exercised the MOE flexibility provision.
Figure 6. Percentage of LEAs Eligible and Exercising the IDEA MOE Flexibility Provision in 21 States

Source: OIG analysis of Department LEA data and unaudited State data provided by SEAs.
Appendix 4. Prior OIG and GAO Recovery Act Reports

The OIG issued a number of reports related to recipient and subrecipient administration and use of funds provided under the Recovery Act. As of February 2012, we had issued 16 reports related to the first phase of our Recovery Act work on administration and internal controls over Recovery Act funds at State and local entities. We also issued 14 reports related to the second phase of our work on State and local entities’ use of Recovery Act funds and the data quality of required Recovery Act reporting. GAO has also issued a number of reports on education-related uses of Recovery Act Funds.

OIG Reports

Recovery Act Administration and Internal Controls


“Systems of Internal Control Over Selected ARRA Funds in the State of Texas,” January 27, 2010 (ED-OIG/A06J0013).

“State and Local Controls over ARRA Funds in California,” January 15, 2010 (ED-OIG/A09J0006).


**Use of Funds and Data Quality**


“States’ Treasury-State Agreements Might Need to Include American Recovery and Reinvestment Act, Education Jobs Fund, and Other Similarly Funded Programs,” June 20, 2011 (ED-OIG/L05L0004).


**GAO Education-Related Recovery Act Reports**


Appendix 5. U.S. Department of Education Comments on the Draft Report
August 22, 2012

Mr. Patrick J. Howard  
Assistant Inspector General for Audit  
Office of Inspector General  
U.S. Department of Education  
Washington, DC 20202  

Dear Mr. Howard:  

I am writing in response to the draft Office of Inspector General (OIG) audit report, “School Districts’ Use of Recovery Act [ARRA] and Education Jobs [ED Jobs] Funds.” While the OIG report did not contain any recommendations for the Department and there are no corrective actions, to ensure the accuracy of the information contained in the report, technical comments are provided in an enclosure to this letter.

Please be assured that the Department will maintain its focus on maximizing the effective and efficient use of all Federal funds, including funds authorized under ARRA and Ed Jobs, and ensure that funds are spent for their intended purposes.

We appreciate the opportunity to review the OIG’s draft audit report and trust that you will consider the technical comments in preparing your final audit report.

Sincerely,

/s/

Anthony W. Miller

Enclosure