

Education Reform in the American Recovery and Reinvestment Act of 2009

Today's economic crisis is an education crisis, and vice versa. We are witnessing a continuing decline in the percentage of Americans with the skills and knowledge needed to fully participate in U.S. economic life. However, the urgency of now does not trump the urgency of tomorrow. If we don't take action to strengthen our education system while addressing immediate needs, we are risking our country's long-term economic stability and will relegate too many of our young people to a future of low-skilled labor.

The education field faces a critical lack of data needed to make evidence-based decisions. We know that the expansion and implementation of innovative solutions will help drive essential improvements. Yet, we fund and support very little education innovation — especially compared to investments in medicine, the military, and other sectors. Today, education devotes less than 0.3 percent of total spending to such efforts, where medicine and engineering invest 5 to 15 percent.¹ It's no surprise that improvement comes slowly in education.

That is why the **American Recovery and Reinvestment Act of 2009 (ARRA)** must include funding for those education investments that have the power to jumpstart and then continually fuel our economic recovery. Such investments would support states to continue and accelerate their efforts to deliver better education results and a more competitive workforce by:

- 1. Building capacity to measure, manage, and improve performance;**
- 2. Ensuring all students have access to a quality teacher;**
- 3. Advancing teaching into a 21st-century profession;**
- 4. Establishing high, competitive standards and assessments; and**
- 5. Promoting best practices and rewarding innovation.**

The Crisis – and Opportunity – in Education

The economic crisis comes at a time when U.S. education is already in trouble; despite pockets of excellence, our national education system is faced with the need to simultaneously address twin gaps: the “global competitiveness gap” between the U.S. and the world's best systems and an underlying “opportunity gap” between the education provided in our best and worst performing schools. Our twin gaps are inseparable, and we cannot bridge one without repairing the other.

If we are to invest substantial federal dollars in our state education systems, we have a unique opportunity to couple immediate investments with accountability for improvement in the education system. By taking this approach, we jumpstart reforms that we know will create better school systems. We need to do this work now, so that

¹ Debra Viadero, “‘Scientifically Based’ Giving Way to ‘Development,’ ‘Innovation,’” *Education Week* 28, no. 19 (January 27, 2009), Available online: http://www.edweek.org/ew/articles/2009/01/28/19rd_ep.h28.html?r=712006788.

future decisions about the reauthorization of the Elementary and Secondary Education Act (ESEA) are informed by as much data as possible.

Seizing the Opportunity in Five Key Reform Areas

The ARRA – to varying degrees in its House and Senate versions – includes important measures for reform, accountability, and innovation that are consistent with the bipartisan-supported [education platform](#) developed by Hope Street Group, a platform that centers around:

- Establishing targets through state standards and assessments based on real-world demands;
- Building the talent pool by transforming teaching into an iconic profession; and
- Creating useful tools that support high-quality instruction by investing in 21st-century data systems.

We use this framework to analyze five key reform opportunities presented by the ARRA and explain their importance to the long-term health and success of the American education system.

Opportunity #1. Building capacity to measure, manage, and improve performance.

High-quality data systems provide valuable information that helps us ensure schools invest wisely. Currently, most of our schools operate without the data systems required to understand the progress of individual students, to tailor teaching to student needs, or to allocate funds effectively. By funding states to create and implement better data systems – and giving incentives to states that make the most progress – the ARRA would provide parents, school leaders, and policy makers the tools they need to understand what is taking place in schools and which programs are working. It would also provide a better way to track school performance and demonstrate which teacher development programs are most effective.

Data-intensive decisions provide the business community with a more direct link to education reform. This gives business leaders more evidence-based reasons to support reform, since tomorrow's employers will be depending on today's students. Better tools for measuring progress and for making data-based decisions about resource allocation and personnel development would accelerate improvements in schools nationwide.

At the outset of the No Child Left Behind Act, states lacked the data infrastructure to measure individual student academic progress through longitudinal tracking, which allows parents, educators, and school systems to know what is and isn't working for students. The field has come a long way, but there is still far to go to gain capacity for the kinds of reforms we know we need. Now, we are in a position to build this capacity. According to the Data Quality Campaign, "Using relevant, reliable, and consistent information to drive all decisions across the education sector—a transformation that was not even conceivable a mere three years ago—is now an attainable goal."²

² Data Quality Campaign, "Fiscal Stimulus Plan: Provide Strategic Investment in Realizing the Potential of Longitudinal Data Systems to Improve Student Achievement," Data Quality Campaign (2009), Available online: http://www.dataqualitycampaign.org/files/publications-stimulus_federal_investment_longitudinal_data_systems.pdf.

Both the House and Senate bills require states to create longitudinal data systems as outlined in the America COMPETES Act — bipartisan legislation calling for increased research; stronger opportunities in science, mathematics, engineering, and technology; and increased innovation capacity. The language in the House version sets aside \$250M for state data systems; the Senate version does not prevent spending on data, but does not include a specific set-aside.

Opportunity #2. Ensuring all students have access to a quality teacher.

Teacher quality is the most important variable affecting student achievement, particularly in schools with a high proportion of low-income children.³ Yet, current teacher distribution systems often place the most inexperienced teachers with the nation’s neediest students. By requiring states to address teacher distribution equity, the ARRA sends the message that all students deserve access to a high quality teacher.

According to The Education Trust, “Poor and minority children don’t underachieve in school just because they often enter behind; but, also because the schools that are supposed to serve them actually *shortchange* them in the one resource they most need to reach their potential – high-quality teachers. Research has shown that when it comes to the distribution of the best teachers, poor and minority students do not get their fair share.”⁴

The language in the House bill requires states to implement a specific, strong requirement in Title I that explicitly states that children in low-income schools not be taught by unqualified, out-of-field teachers at greater rates than children in high-income communities. The Senate bill does not make this link and simply asks states to improve teacher effectiveness, including teacher distribution.

Opportunity #3. Advancing teaching into a 21st-century profession.

In order to attract and retain the talent we need to educate our nation’s youth, we must examine teacher compensation reform. Current salary structures are based on outdated models and do little to motivate and reward the most effective practitioners. By including measures to incentivize reform to teacher payment systems, the ARRA would signal that change is needed to reward effective teachers.

According to a National Board Certified Teacher, “Compensation reform represents the opportunity for teachers to have more control over how much money they make and over what period of time. Traditional systems compensate for longevity and education and provide little motivation for teachers to improve their craft, work together, take on challenging assignments, or assume leadership roles. Redesigning compensation systems can help to encourage teaching practices and behaviors that can improve

³ For example, a recent research study found that 90% of low achieving 4th graders who had an effective math teacher three years in a row were able to pass a 7th-grade math proficiency test, while only 42% of those with ineffective teachers three years in a row were able to achieve proficiency by 7th grade. The Education Trust, “The Real Value of Teachers: If good teachers matter, why don’t we act like it,” *Thinking K-16*, vol. 8, no. 1 (Winter 2004). Available online: <http://www2.edtrust.org/edtrust/Product+Catalog/Reports+and+Publications.htm>.

⁴ Kati Haycock and Heather G. Peske. “Teaching Inequality How Poor and Minority Students Are Shortchanged on Teacher Quality,” The Education Trust (June 2006), Available online: www2.edtrust.org/NR/rdonlyres/010DBD9F-CED8-4D2B-9E0D-91B446746ED3/0/TQReportJune2006.pdf.

student learning and give teachers more opportunities to earn more money.”⁵ When this reform occurs with the input of teachers and administrators, great progress can be made.

The language in the House bill includes \$200M for teacher incentive pay plans; the Senate bill does not include this.

Opportunity #4. Establishing high, competitive standards and assessments.

Every state needs standards, curricula, and graduation requirements that align with real-world demands as defined by our colleges and employers. Effectively integrating these real-world requirements into standards helps send high-skill jobs to Detroit, Los Angeles, or American small towns rather than to India or China. Otherwise, a high school diploma is just a false promise to our nation’s youth. The ARRA addresses the need for high standards and quality assessments by requiring states to make improvements, and to include a focus on disadvantaged children.

The evidence of the American Diploma Project, led by the non-profit Achieve, Inc. and operative in 33 states, suggests that the skill needs of private employers, the U.S. military, and higher education are fairly consistent across states.⁶ And as we raise expectations for all students, we have to measure their progress using fair, valid, and reliable assessments, including the appropriate assessment of students with disabilities and English language learners. The standards are meaningless if we don’t have an effective way for all students to show progress towards meeting them.

Both the House and Senate bills require states to improve academic assessments, including for students with disabilities and English Language Learners. In addition, the Senate version requires states to take steps to improve state academic content and performance standards by aligning them to college and work-ready standards as outlined in the America COMPETES Act; the House version does not include this language.

Opportunity #5. Promoting best practices and rewarding innovation.

Across our country, dedicated and innovative educators are finding better ways to engage and educate children, including in communities with the most challenges. We need to spur and grow innovation based on best practices and what works in order to improve results for children. We need to then replicate those results in community after community. The innovation and incentive funds included in both ARRA bills would encourage state and local leaders to adopt new approaches that work – even if it means changing the way they do business.

Some of the best work in raising student achievement is being done in traditional public schools. However, much of it is also being done by innovative non-profit organizations, working closely with public systems. For example, a number of public charter schools

⁵ Lori Nazareno, “Non-Negotiable Items for Compensation Reform,” *Education Week*, January 10 2008, Available online: http://www.edweek.org/ew/articles/2008/01/10/18nazareno_web.h27.html?r=1533644722.

⁶ The American Diploma Project, “Ready or Not: Creating a High School Diploma that Counts,” Achieve, Inc., The Education Trust, & The Thomas B. Fordham Foundation, 2004. Available online: www.achieve.org/node/552.

have made dramatic gains in student achievement.⁷ As we seek educational improvement for all children, it is important to note that charter schools serve a higher proportion of low-income and minority students than traditional public schools.⁸ Charters offer an alternative for developing innovative practices that reach traditionally less-served children, creating more breeding grounds for improvement strategies.

Both the House and Senate bills create an Incentive Fund that the Secretary of Education can use to support the states that make the most progress in initiatives that raise student achievement and close our educational achievement gaps – such as setting college- and career-ready standards, equitably distributing teachers, and creating longitudinal data systems. This Incentive Fund can promote a “race to the top” among states to deliver world class education. The House bill funds this Incentive Fund at \$15 billion over two years. The Senate bill appropriates \$7.5 billion over two years.

Both the House and Senate bills also allow the Secretary of Education to reserve money for an innovation fund to reward states that can demonstrate effective increases in student achievement. The Senate version allows up to \$650M for this innovation fund, and allows grants to Local Education Agencies (LEAs), or partnerships between LEAs and nonprofits or consortia of schools, that can demonstrate student achievement gains. The House version is similar but only allows up to \$325M and requires that funding go to LEAs, states, or schools entities – not non-profit organizations or school consortia. The House bill also provides a \$25M fund for charter school facility improvement; the Senate version does not include this language.

The Actions We Need

Our country faces challenging decisions in this economic crisis. There is widespread consensus on the urgency of short-term relief; however, it is essential that we structure investments so as to improve the education system we need to create the competitive workforce and jobs for the future. The longer we wait to build on what we know is working, the longer our children wait to participate in a globally competitive education system and workforce. We need improved data systems to measure what works. We must ensure equity in teacher distribution so that all students have access to a quality teacher. We should confront the need for teacher compensation reform and explore payment structures that will attract and retain top talent. We need high and competitive standards and appropriate assessments so that students can learn 21st-century skills and demonstrate what they know. We must study and measure results so that we can promote and reward best practices and scale improvement for all schools.

We lose a unique opportunity if we do not couple immediate, wise investments with accountability in the ARRA.

⁷ Jay Mathews, “Test Scores are Up at KIPP Schools,” *The Washington Post*, October 21, 2002, www.kippsummit.org/news/Wash_Post_10-21-02.pdf; and YOAV GONEN and Yoav Gonen and Hasani Gittens, “Off the ‘Charters’: ‘Outstanding’ Charter School Gains,” *The New York Post*, June 25, 2008, http://www.nypost.com/seven/06252008/news/regionalnews/off_the_charters_117022.htm.

⁸ Steven Goldsmith, “Charter Schools Serving More Urban and Disadvantaged Students, Study Finds,” *University of Washington News*, November 21, 2005, <http://uwnews.org/article.asp?articleid=13490>.



Hope Street Group is a bipartisan non-profit dedicated to building an Opportunity Economy in America, where anyone who works hard and invests in themselves has the opportunity to succeed, and where our nation prospers as a result. It convenes business, political, and civic leaders online and in person to formulate policy proposals; educates policy makers about the foundations of economic opportunity; builds community and support for its American Dream Agenda; and provides a platform for social entrepreneurs to be heard and to engage on economic opportunity issues.