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Stimulus Plan Would Provide Flood of Aid to Education

By [SAM DILLON](#)

WASHINGTON — The economic [stimulus plan](#) that Congress has scheduled for a vote on Wednesday would shower the nation's school districts, child care centers and university campuses with \$150 billion in new federal spending, a vast two-year investment that would more than double the Department of Education's current budget.

The proposed emergency expenditures on nearly every realm of education, including school renovation, special education, Head Start and grants to needy college students, would amount to the largest increase in federal aid since Washington began to spend significantly on education after World War II.

Critics and supporters alike said that by its sheer scope, the measure could profoundly change the federal government's role in education, which has traditionally been the responsibility of state and local government.

Responding in part to a plea from Democratic governors earlier this month, Congress allocated \$79 billion to help states facing large fiscal shortfalls maintain government services, and especially to avoid cuts to education programs, from pre-kindergarten through higher education.

Obama administration officials, teachers unions and associations representing school boards, colleges and other institutions in American education said the aid would bring crucial financial relief to the nation's 15,000 school districts and to thousands of campuses otherwise threatened with severe cutbacks.

"This is going to avert literally hundreds of thousands of teacher layoffs," Education Secretary [Arne Duncan](#) said Tuesday.

Representative George Miller, Democrat of California and chairman of the House education committee, said, “We cannot let education collapse; we have to provide this level of support to schools.”

But Republicans strongly criticized some of the proposals as wasteful spending and an ill-considered expansion of the federal government’s role, traditionally centered on aid to needy students, into new realms like local school construction.

And they were joined by some education experts from across the political spectrum in wondering how school districts could spend so many new billions so fast, whether such an outpouring of dollars would lead to higher student achievement, and what might happen in two years when the stimulus money ends.

Analysts were also turning up surprises in the fine print.

One provision, which was sought by the [student lending](#) industry and went unmentioned in early Congressional summaries of the stimulus package, would temporarily increase subsidies to banks in the guaranteed student loan program by tying them to a new index, partly because recent federal intervention in the credit markets has invalidated the previous index. A spokesman for [Sallie Mae](#), one of the largest student lenders, said the change was needed to keep student loan markets fluid. Critics said it represented a potential new windfall for lenders.

“This just continues the well-established tradition of welfare for the student loan industry,” said Barmak Nassirian, an expert in student lending.

The formulas by which the stimulus money for public schools would be allocated to states and local districts are complex, but take into consideration numbers of school-age children in poor families. The level received per student would vary considerably by state, according to an analysis by the New America Foundation, a research group that monitors education spending. New York would be among the biggest beneficiaries, at \$760 per student, while New Jersey and Connecticut would fall near the bottom, with \$427 and \$409 per student, respectively. The District of Columbia would get the most per student, \$1,289, according to the foundation’s analysis.

The foundation contends, however, that the formula does not effectively allocate the most money to states with the greatest need.

In recent years the federal government has contributed 9 percent of the nation's total spending on public schools, with states and local districts financing the rest. Washington has contributed 19 percent of spending on higher education. The stimulus package would raise those federal proportions significantly.

The Department of Education's discretionary budget for the 2008 fiscal year was about \$60 billion. The stimulus bill would raise that to about \$135 billion this year, and to about \$146 billion in 2010. Other federal agencies would administer about \$20 billion in additional education-related spending.

"This really marks a new era in federal education spending," said Edward Kealy, executive director of the Committee for Education Funding, a coalition of 90 education groups.

The bill would increase 2009 fiscal year spending on Title I, a program of specialized classroom efforts to help educate poor children, to \$20 billion from about \$14.5 billion, and raise spending on education for disabled children to \$17 billion from \$11 billion.

Those increases respond to longtime demands by teachers unions, school boards and others that Washington fully finance the mandates laid out for states and districts in the Bush-era [No Child Left Behind](#) law, and in the main federal law regulating special education.

"We've been arguing that the federal government hasn't been living up to its commitments, but these increases go a substantial way toward meeting them," said Joel Packer, a lobbyist for the [National Education Association](#), the nation's largest teachers union.

Frederick Hess, an education policy analyst at the [American Enterprise Institute](#), criticized the bill as failing to include mechanisms to encourage districts to bring school budgets in line with property tax revenues, which have plunged with the bursting of the real estate bubble.

"It's like an alcoholic at the end of the night when the bars close, and the solution is to open the bar for another hour," Mr. Hess said.

The bill would, for the first time, involve the federal government in a significant fashion in the building and renovation of schools, which has been the responsibility of states and districts. It includes \$20 billion for school renovation and modernization, with \$14 billion for elementary and secondary schools and \$6 billion for higher education. It also includes tax provisions under which the federal government would pay the interest on construction [bonds](#) issued by school districts.

Mr. Duncan said the bill's school renovation provisions would create a "huge number of construction jobs," because so many school buildings need repairs.

But Representative Howard P. McKeon, Republican of California and the ranking minority member of the House education committee, said, "By putting the federal government in the business of building schools, Democrats may be irrevocably changing the federal government's role in education in this country."

In higher education, the bill would increase spending on Pell Grants, the most important federal student aid program, to \$27 billion from about \$19 billion this year.

"It's a very good idea to increase Pell Grants in the stimulus," said Terry Hartle, a senior vice president for public affairs at the American Council on Education, which represents colleges and universities.

But Mr. Hartle said that even he was having difficulty tracking all the new spending.

"A lot of things will go through, and only later will we know exactly what happened," he said.

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