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With \$5 Billion Fund, Duncan Seeks to Fuel Innovation in Schools

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Education Secretary Arne Duncan said yesterday that he will leverage a \$5 billion fund to shape school reform, rewarding states that push for classroom innovation with federal stimulus dollars and denying extra aid to those that do not.

Duncan's comments detailed how he will manage the Race to the Top Fund, an unprecedented pot of cash created by the stimulus law that extends Washington's reach into local school affairs. No other education secretary has controlled such a fund. Duncan said he will dole out the money based in part on how states and school systems spend tens of billions of dollars in other stimulus funding intended to prevent layoffs and program cuts and help educate children who live in poverty or have disabilities.

"States that are simply investing in the status quo will put themselves at a tremendous competitive disadvantage for getting those additional funds," Duncan said in a conference call with reporters. "I can't emphasize strongly enough how important it is for states and districts to think very creatively and to think very differently about how they use this first set of money."

Overall, the stimulus law pumps about \$100 billion into public schools, universities and early childhood education. Most of the funding for school systems will be distributed through long-standing formulas that incorporate such factors as the number of students from low-income families or in special education. But experts said schools hit hard by the economic downturn are hungry for new funding. That could make education officials more willing to experiment with performance pay, extended school days and other efforts that Duncan wants to encourage through the \$5 billion fund.

"States are going to be panting to get these extra dollars," said Jack Jennings, president of the D.C.-based Center on Education Policy.

A survey of more than 850 school administrators in 48 states released yesterday by the Arlington County-based American Association of School Administrators found that a growing number of schools have been forced to increase class sizes, lay off employees and cut back programs meant to help struggling students.

Duncan said that in general he supports efforts to extend the school day or year for disadvantaged children, new approaches to overhaul low-performing schools and performance-pay programs. He challenged educators and policymakers to "think differently" about school spending.

"Some of this has to do with resources; some of this has to do with thinking innovatively and having the political will and the courage to challenge some of these status quos," Duncan said.

The stimulus law calls for most of the \$5 billion to go toward supporting efforts to create better tests and shore up data systems to track student achievement. The fund includes \$650 million for partnerships between schools, or schools and nonprofit groups. The money could be used to support charter schools, which are publicly financed but independently run. Separately, the stimulus law provides \$200 million for performance-pay programs for teachers.