

Education jobs

Federal aid restricts state options

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A \$10 billion infusion of federal aid to schools will limit the ability of state legislatures to restrain future spending while insulating districts nationwide against state aid cuts. It could also mean a federal end run around state control of education.

Most of the attention on the bill passed by the House Tuesday has focused on the overall objective of the \$26.1 billion bailout that also includes \$16 billion in extended federal aid for Medicaid, which is expected to protect against other public employee layoffs.

But details of the bill emerging now challenge the job-saving claims by President Obama and congressional Democrats. When predicting that 161,000 jobs will be preserved, federal officials relied on a formula as they have in other job-creating claims, which have proven to be inaccurate.

State officials across the country question the federal projections. In California, the federal estimate of 16,500 jobs saved by the law exceeds the 15,000 teachers state officials say lost jobs during the last school year.

"Nobody entirely knows how many jobs are on the line," said Neal McClusky, an education analyst at the Cato Institute.

With the law enacted so close to the start of the school year, it is uncertain districts can rehire or replace laid-off staff who have already found other jobs.

The funds will be administered by the federal Education Department, which will distribute the aid to states that have to submit applications for review. States can then distribute money to local districts unless a state does not submit an "approvable application." In which case, the U.S. secretary of education can make the grants directly available to the districts.

Their use of the funds will also be restricted to the "preservation of jobs serving elementary and secondary education," meaning personnel. The extra money cannot help fund transportation, administrative expenses, equipment purchases or reserve accounts that have been slashed as well. States cannot use the federal funds to supplant or replace other education aid. State lawmakers will also find options limited when balancing future budgets.

The bill signed by President Obama also requires states to maintain next year's education spending at the same percentage of revenue as the previous year, establishing a mandatory spending level. Revenue increases will mean automatic hikes in education aid which may have to be offset by reductions in transportation, public safety or social services to balance budgets.

For local districts, hiring teachers or restoring spending this year will make it even more difficult to address budget shortfall when federal aid dries up.