BACKGROUNDER
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A PLUS Spells Relief for States During the Coronavirus

Jude Schwalbach

KEY TAKEAWAYS

With so much unknown, states need to be able to prioritize their existing federal education funds in ways that meet local needs. Providing flexibility is a key step.

A PLUS allows states to direct federal education funding to any lawful purpose under state law, including school choice programs.

Instead of giving K–12 public schools more federal dollars in any future coronavirus relief package, lawmakers should look to the A PLUS Act to help states.

Instead of increasing federal spending on education, Congress should provide states with greater spending flexibility, reduce burdensome federal regulations and administrative costs, and allow families and communities to hold states responsible for education outcomes. The coronavirus pandemic only makes states' need for greater flexibility more poignant. With A PLUS, states could spend their funds on any lawful education purpose under state law, providing the type of flexibility to quickly meet the needs of families and local communities.

The coronavirus pandemic (COVID-19) has created unprecedented challenges for states and local school districts. States and district leaders must navigate school closures, make important decisions about how to assess student progress, transition teaching and content to online platforms, and reassess their budgets for the coming academic year, which will likely

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be impacted by downturns in tax revenue. As part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act package signed into law in late March, Congress sent $13.5 billion to states in the form of an Elementary and Secondary School Emergency Relief Fund—significant new federal funding representing nearly one-quarter of what the federal government spends on K–12 education annually.

Congress should not repeat this approach with any subsequent coronavirus relief packages. A better approach would be to unburden states from existing heavy-handed and onerous federal regulations that micromanage their education spending. While avoiding any future K–12 education bailouts, federal policymakers should build on the flexibility provided within the CARES Act and enable states to put all of their existing federal education funding authorized under the Elementary and Secondary Education Act (ESEA) toward any lawful education purpose under state law. Such flexibility, which has taken legislative form as the Academic Partnerships Lead Us to Success (A PLUS) Act, has been a long-held priority of those interested in restoring state and local control of education. That flexibility is needed now more than ever.

Funding Flexibility in the CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act allowed the U.S. Department of Education to waive rules that limited how states spend some of their existing Elementary and Secondary Education Act (ESEA) funds, most recently reauthorized as the Every Student Succeeds Act (ESSA). These waivers allow states to repurpose existing K–12 funds for "technology infrastructure and teacher training on distance learning, among other flexibilities to move resources to areas of highest need during the national emergency."[1]

Specifically, the waivers temporarily remove or loosen the following regulations:

- The carryover limitation (15 percent) of Title I, Part A, funds now allowing schools to carry-over an unlimited amount of these funds to the next school year. Low-income school districts currently receive approximately $16 billion in Title I funds annually.
- Restrictions on the amount of time schools have to spend funds allocated for various programs under ESEA.

- The 15 percent cap on the amount of funding that can be spent on technology with Title IV, Part A, of ESEA, which funds Student Support and Academic Enrichment Grants.

- Broader spending restrictions within the $1.2 billion Student Support and Academic Enrichment Grant program.

- The definition of *professional development*, which is now broadened to enable districts to more quickly train teachers to transition to online learning.[2]

These reforms, which the agency says are a "turnkey" waiver process for states, move in the right direction. They provide states with the flexibility to use the federal dollars to target technological improvement, distance learning, and professional development for teachers engaging in virtual classrooms. "By providing a streamlined process to obtain funding flexibilities, states will be able to quickly make decisions to meet the needs of their students," the U.S. Department of Education noted.[3] The waivers give states greater flexibility and greater discretionary spending power of education dollars, better aligning Washington's oversight of federal spending with its nominal 8.5 percent share in its financing.

Testing Waivers

In response to the school closures by states nationwide, the U.S. Department of Education also offered another emergency waiver so states could get relief from existing federal ESSA testing mandates for elementary, middle, and high school students during the 2019–2020 academic year. ESSA requires every state to administer reading, mathematics, and science assessments annually to all students in tested grades, the outcomes of which are used in state accountability plans. The one-year waiver is available "upon proper request" to any state that cannot assess its students due to the pandemic.[4]

Congress should now build off the flexibility offered to states and local school districts through the CARES Act and work to permanently reduce federal education regulations. Policymakers can achieve this goal by pursuing the policies outlined in the Academic Partnerships Lead Us to Success Act (A PLUS), which enable states to put all existing federal funding under ESEA toward any lawful education purpose under state law.

The Academic Partnerships Lead Us to Success Act (A PLUS)

A PLUS, most recently introduced by Congressman Mark Walker (R–NC) in the House and Senator Steve Daines (R–MT) in the Senate, would allow states to opt out of programs under ESSA, formerly known as No Child Left Behind (NCLB), and instead use the $26 billion federal funds for any state-authorized education-related program.[5] Policymakers have long proposed alternatives to ESEA, beginning with the Academic Achievement for All Act (Straight A's) introduced in 1999 by Congressman William F. Goodling (R–PA) and Senator Slade Gorton (R–WA). After years of refinement, these alternative proposals culminated in the current iteration of the A PLUS Act, which seeks to reinvigorate state and local education control by providing greater flexibility, reducing administrative and regulatory burdens, and allowing families to hold their states accountable for student achievement.

Giving States and Local Communities Flexibility

Under current law, complex funding formulas and federal regulations determine how states can spend their federal education dollars. A PLUS, on the other hand, would allow states to determine how best to spend their share of federal education funding and to set their own benchmarks for academic achievement and improvement.[6]

A PLUS: The Mechanics

Under A PLUS, states can opt out of ESSA by submitting a declaration of intent to the U.S. Secretary of Education. The declaration of intent must be approved by at least two of the following three state entities: the state's legislature, governor, or secretary of education. It must also show that the state is prepared to take on fiscal responsibility of ESEA funding. Specifically, a declaration of intent must include:

- The duration of the declaration of intent (no more than five years),
- A description of the state's fiscal controls and accounting procedures,
- A pledge that the state will uphold all applicable federal civil rights laws,

- An assurance that the state will continue to advance educational opportunities for the disadvantaged,
- An explanation of how the state will be directly accountable to parents and taxpayers, and
- An assurance that the state will use federal funds only to supplement—not supplant—state education funding.

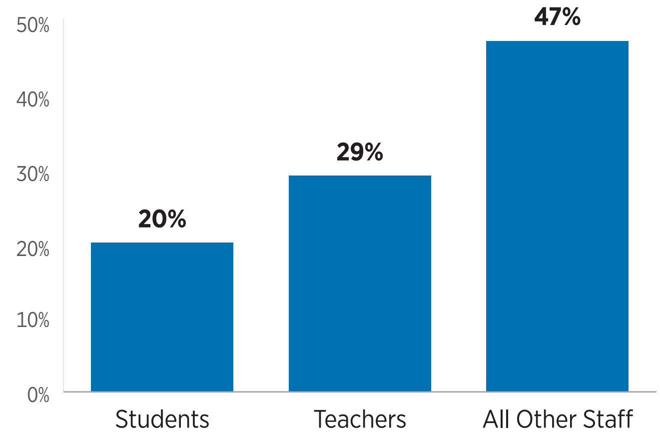
At that point, state officials could "assume full management responsibility for the expenditure of Federal funds for certain eligible programs" and control of all federal funds from ESEA. All federal funds could be used for any education purpose permitted under state laws. Under the proposal, states would maintain transparency by disseminating annual reports about student progress to parents and taxpayers. The proposal requires that states report disaggregated student performance data and show how states are using federal funds to improve the academic performance of disadvantaged children and close academic achievement gaps. No more than 3 percent of funding could be used for administrative costs.

Benefitting from the Policies of A PLUS

Reducing Burdensome Costs and Regulations. One major goal of A PLUS is to reduce the administrative compliance burden of ESEA. Currently, states must regularly demonstrate that they comply with federal regulations to receive their share of ESEA funding back from Washington. Compliance with the regulations is time consuming and replete with opportunity costs; states and localities have had to increase non-teaching staff significantly over the years to remain compliant. Since President Lyndon Johnson signed the original ESEA into law in 1965, there has been a significant surge in non-teaching staff in schools nationwide, greatly outpacing increases in student enrollment and teaching staff. For instance, the number of students enrolled in public schools nationwide increased 40 percent between 1960 and 2016, but the proportion of non-teaching staff increased 137 percent.[7] Although it is likely that this initial surge resulted in part from school compliance with the Individuals with Disabilities Education Act in the 1970s, it continued into recent decades. In fact, between 1992 and 2015 the increase in non-teaching staff was nearly 2.5 times the growth in the student population, suggesting a different cause for the disproportionate growth in non-teaching staff.[8]

CHART 1

Growth in Students and Staffing in Public Schools, 1992–2015



SOURCE: Benjamin Scafidi, "Back to the Staffing Surge," EdChoice, May 2017, Figure 12, https://www.edchoice.org/wp-content/uploads/2017/06/Back-to-the-Staffing-Surge-by-Ben-Scafidi.pdf (accessed July 17, 2019).

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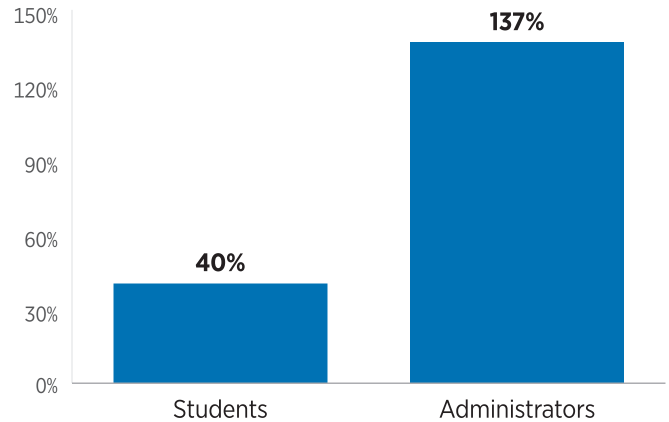
Benjamin Scafidi, director of the Education Economics Center at Kennesaw State University, argues that the continued staffing surge is due to schools trying to keep pace with the ever-increasing volume of federal regulations. "The federal government has increasingly mandated that local public schools spend federal funds deemed proper by federal officials—and local public school districts must account for and document that they spent federal funds according to these increases in federal mandates over the increasing number of federal education programs," Scafidi explained.[9]

Although "the [current] compliance and administrative costs of accepting federal funding for education remain unknown," reports in recent decades indicate that these federal regulations have resulted in massive financial and opportunity costs for states and schools.[10] For instance, the Office of Management and Budget reported that the regulations created by NCLB "increased state and local governments' annual paperwork burden by 6,680,334 hours, at an estimated cost of $141 million dollars."[11]

The lion's share of federal administrative costs and regulatory compliance falls on the states. Former U.S. Congressman John Kline noted in a 2011 U.S. House Education and Workforce Committee hearing that overburdened states hired more than 13,400 full-time employees to implement federal education programs. As he explained at the time:

CHART 2

Growth in Students and Administrators in Public Schools, 1960–2016



SOURCES: National Center for Education Statistics, *Digest of Education Statistics*, 2017, Table 203.20, https://nces.ed.gov/programs/digest/d17/tables/dt17_203.20.asp (accessed July 17, 2019); National Center for Education Statistics, *Digest of Education Statistics*, 2017, Table 213.10, https://nces.ed.gov/programs/digest/d17/tables/dt17_213.10.asp (accessed July 17, 2019); and National Center for Education Statistics, *Digest of Education Statistics*, 1995, https://nces.ed.gov/pubs95/95029.pdf (accessed July 17, 2019).

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> The federal government imposed 41 percent of the administrative burden, yet paid just 7 percent of the total costs....
>
> Recent reforms at the federal level have exacerbated the burdens placed on state and local school leaders. States and school districts worked 7.8 million hours each year collecting and disseminating information required under Title I of federal education law. Those hours cost more than $235 million. The burden is tremendous.[12]

Federal administrative costs and compliance are a huge burden for states, and, unsurprisingly, states are unwilling to foot the bill alone. In fact, as the U.S. Government Accountability Office showed in a 1994 report, "states reserved a greater share of federal than state funds for state-level operations—by a ratio of 4 to 1."[13]

More recent data also illustrate that states used federal dollars to pay for the inordinate number of state employees necessary to meet federal compliance regulations. For instance, 2014 data from state education agencies showed that, on average, "federal money pays for 41 percent of the salary expenditures at state education departments in states that contain more than 70 percent of the nation's K–12 students. In some states, like Florida, federal funds pay for more than half of salary expenditures" at the state education agencies.[14]

ESSA, signed into law in late 2015, did reduce program count and some of the administrative compliance burden of NCLB. However, cumbersome and expensive regulations remain. Not only would A PLUS reduce the number of federal regulations and provide states with relief from federal micromanagement, but states could also redirect funds to the children that need them most.

Restoring Spending Authority. The real power of the A PLUS approach lies in its restoration of state decision-making power over education spending. States could put their share of ESEA funds toward any lawful education purpose under state law. Rather than filtering nearly $26 billion in ESEA funding through complex formulas and discretionary grant programs requiring states to apply for grants, monitor federal register notices, and provide reports back to Washington, state and local leaders could prioritize where and how funds are spent. A state could use those ESEA funds to bolster reading programs for children, enact private school choice programs, provide performance bonuses for teachers, create additional supports for at-risk students, or otherwise structure funds in a way that reflects the needs of the state and local education communities. It would situate spending and decision making closer to the students those decisions impact, which could increase accountability to parents rather than compliance to Washington.

Keeping Schools Accountable to Parents. Increased federal overreach has made schools less accountable to parents and students. Federal mandates have failed to improve student achievement outcomes over the past half-century, yet the centralized nature of federal intervention makes it difficult for families and communities to tailor their education dollars to meet local needs and catalyze change.

A PLUS, however, aims "to ensure that States and communities are accountable to the public for advancing the academic achievement of all students, especially disadvantaged children."[15] In principle, A PLUS embodies the proposal of the 1998 House Education and Workforce Committee's recommendation that "if it cannot be demonstrated that a particular federal program is more effectively spending funds than state and local communities would otherwise spend them, Congress should return the money to the states and the people, without burdensome strings attached."[16]

After $2 trillion spent on K–12 programs alone since 1965, federal programs have failed to deliver on their promised outcomes. ESEA specifically aimed to close the achievement gap between lower- and upper-income students (which stood at approximately four years' worth of learning in 1965 when it was originally passed). The achievement gap, however, has persisted and today remains the equivalent of four years' worth of learning.[17]

The National Assessment of Educational Progress 12th grade math and reading scores have remained stagnant since the 1970s even though inflation-adjusted spending per student quadrupled after ESEA.[18] At the same time, 2018 U.S. math scores on the Program for International Student Assessment are below the international average.[19]

In sum, federal programs have failed to achieve their purpose after half a century and trillions of dollars spent. The heart of those programs was and remains ESSA. In the spirit of the 1998 House Education and Workforce Committee's recommendation, policymakers should return education dollars to states and localities "without burdensome strings attached." The policies in A PLUS effectively and expediently achieve this goal and help restore education accountability to local communities, families, and students instead of distant federal officials.

Advancing School Choice Opportunities. With A PLUS, states can use federal dollars to fund school choice options, such as education savings accounts or private school scholarships. A PLUS does not require states to adopt school choice policies, but it gives states the flexibility to use their education dollars in the way that best meets the needs of their families and localities. School choice options offer innovative alternatives and can create a robust and diverse education marketplace where parents choose the education options that best fit their children.

Sunsetting Federal Intervention in Education. Constitutionally, education policy is reserved to the states and, despite growth in federal involvement from the mid-20th century forward, remains a quintessentially state and local issue.

The shortcomings of federal intervention in local school policy is well-documented. As such, it is time to restore state and local control of federal education funding to the states, equipping them with decision-making authority. Despite its growth, federal education funding represents just 8.5 percent of all K–12 education revenue. States and localities fund more than 90 percent of the bill. Yet federal mandates now far exceed that 8.5 percent share. Giving states the ability to determine how federal education funds are spent takes an important step forward in right-sizing federal involvement in education.

Congress should ultimately sunset federal education funding, restoring revenue responsibility to the states. Instead of helping children, the federal funding has increased administrative costs associated with federal compliance regulations, made states and localities unnecessarily dependent on the federal government, and implemented heavy-handed top-down policies.

Recommendations for Federal Policymakers

Policymakers should take the necessary steps to restore state control of education and eliminate burdensome administrative costs and reporting requirements. The U.S. Department of Education has already provided states with temporary respite from federal overreach in response to COVID-19. Congress should build on this temporary flexibility and provide states with long-term relief from federal strictures. The policies in A PLUS would provide states with the flexibility to address the current emergency and meet the needs of families in the future. To that end, federal policymakers should:

- **Make the temporary education waivers from federal regulations permanent.** The CARES Act waivers temporarily provide states with more spending flexibility, allowing them to direct existing funds toward technology and online learning resources. States can also apply for waivers from federal testing requirements. Congress should make these changes permanent.

- **Return decision making to the states and local communities.** Current federal intervention in education has shifted accountability away from families and local communities and toward Washington. A PLUS would give states and localities the flexibility to decide how to best spend education dollars, putting those funds closer to families. States should be able to consolidate all funding under ESSA and redirect those dollars toward education initiatives that meet the needs of local communities and families. The policies in A PLUS would allow states to opt out of ESSA and would greatly reduce administrative costs. Eliminating these cumbersome regulations would allow more funds to flow to the students and schools that need them most.

Making Temporary Relief Permanent

Instead of increasing federal spending, Congress should provide states with greater spending flexibility, reduce burdensome federal regulations and administrative costs, and allow families and communities to hold states responsible for education outcomes. The coronavirus pandemic only makes states' need for greater flexibility more poignant. With A PLUS, states could spend their funds on any lawful education purpose under state law, providing the type of flexibility that would allow states to quickly meet the needs of families and local communities.

Jude Schwalbach is a Research Associate and Program Coordinator in the Center for Education Policy, of the Institute for Family, Community, and Opportunity, at The Heritage Foundation.

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