



Joint Economic Committee

Republicans

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REPUBLICAN STAFF COMMENTARY

Not So FAST, Mr. President.

Why the President's "Fix America's Schools Today" Stimulus Program is Doomed to Fail

President Obama's latest economic stimulus proposal includes the \$25 billion "Fix America's School's Today (FAST)" initiative.¹ While there is no question that schools may have very real maintenance and modernization needs the nation's school systems are so diverse that it is impossible for a Washington directed and funded program to effectively address these concerns. Despite its lofty sounding name, the proposal is merely another liberal spending plan to throw good money after bad. Money that America doesn't have and will be forced to borrow.

FAST is a textbook example of why the Obama Administration's spending plans have failed thus far, and why we need to move in a new direction to reignite the economy and create jobs. Like so many of the plans the president has touted as bipartisan, sensible, and worthwhile, FAST is crippled by three fatal policy flaws: (1) It is a rigid, one-size-fits-all response to diverse, local problems; (2) It allocates money according to political whims rather than actual need; and (3) It therefore wastes money addressing fake problems while ultimately making the real problems even worse.

FAST will make it harder, not easier, for American students to succeed in the classroom. It is designed, like so many liberal education proposals, to benefit adults at the expense of America's children.

Washington One-Size Fits All Solutions

FAST embodies everything that educators and state and local policymakers criticize when they rail against Washington's one-size-fits-all solutions.

The very premise of the program – school modernization - should give federal policymakers pause. There are nearly 18,000 different school districts in America serving roughly 50 million children.² Over the last decade the nation's population has shifted significantly and so have the associated needs for educational infrastructure in those 18,000 districts. Common sense would tell policy-makers that an area like Phoenix, AZ, which saw a greater than 9% increase in population from 2000 to 2010, will have different needs than Detroit, MI, which lost a quarter of its population during the same period. Such massive influx and exodus of residents might prompt local educators to think that new construction is the most appropriate tool to address their needs, yet the rigid American Jobs Act states that, "Funds awarded to local educational agencies under this part may not be used for— (1) new construction."³ Put simply, Washington knows best.

¹ Mary Filardo, Jared Bernstein and Ross Eisenbrey, Creating Jobs Through FAST!, a Proposed New Infrastructure Program to Repair America's Public Schools, August 11, 2011, <http://jaredbernsteinblog.com/wp-content/uploads/2011/08/Fix-Americas-Schools-Today-FAST.pdf>

² National Center for Education Statistics, Numbers and Types of Public Elementary and Secondary Local Education Agencies From the Common Core of Data: School Year 2009-2010, http://nces.ed.gov/pubs2011/pesagencies09/tables/table_02.asp

³ The American Jobs Act of 2011: President Obama's Plan to Create Jobs Now, § 226, <http://www.scribd.com/doc/64724486/American-Jobs-Act-Final>

The bill even goes so far as to prohibit the use of funds for “modernization, renovation, or repair of stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public.”⁴ It’s a stunning example of Washington’s arrogance that the Administration has told schools districts that they cannot use these funds to fix a leaky roof in a high school theatre where they charge admission, but that they can invest in solar panels on the roof of the classroom down the hall.

With this proposal the president assumes that the best use of the next dollar in education spending *in every community in the country* is on school maintenance and modernization. This is absurd. Some communities may have a shortage of text books, others may not have adequate extra-curricular activities for high school students, and some may need to buy new computers or new band equipment. Many schools are looking beyond traditional classroom teaching methods and embracing innovative technologies such as Google Code University, Khan Academy, and iTunes University to best serve their students.⁵ None of these expenditures are permissible under FAST.

For these reasons lawmakers in Washington have attempted to draw the line at school construction spending, understanding that particularly in the physical plant of our schools the needs of our nation are so diverse that Washington solutions were uniquely susceptible to failure. The FAST proposal is the latest in an ongoing effort to blur and eventually eliminate any distinction between the state and federal role in education.

FAST is Intentionally Wasteful and Expensive

Even if FAST authors were right and school modernization were the best way we could spend education dollars, this stimulus proposal would still do a lousy job. FAST is littered with statutory prescriptions that will require schools to waste money on give-aways to liberal special interests.

Davis-Bacon

The President’s proposal requires that “Section 439 of the General Education Provisions Act shall apply to funds available under this part.”⁶ Section 439 requires “all laborers and mechanics employed in construction projects and minor remodeling projects assisted under any applicable program shall be paid at wage rates not less than those prevailing in the locality for similar work as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.”⁷

Davis-Bacon, a familiar favorite of the Obama Administration, mandates the payment of union wages and thereby dramatically increases the cost of the projects for school systems. The Beacon Hill Institute estimates that Davis-Bacon increases the labor costs for a project by 22 percent and the total costs of a project by 9.9 percent.⁸ If FAST were really about improving education for students it would not leave one in ten vital projects unfunded because the Administration wants to throw taxpayer money to its friends in organized labor.

⁴ *Ibid*

⁵Wired Magazine, How Khan Academy Is Changing the Rules of Education, http://www.wired.com/magazine/2011/07/ff_khan/all/1

⁶ American Jobs Act of 2011, § 228.

⁷Congressional Research Service, General Education Provisions Act (GEPA): Overview and Issues, March 18, 2010, <http://www.crs.gov/pages/Reports.aspx?PRODCODE=R41119&Source=search>

⁸The Beacon Hill Institute at Suffolk University, The Federal Davis-Bacon Act: The Prevailing Mismeasure of Wages, February 2008, <http://www.beaconhill.org/bhistudies/prevwage08/davisbaconprevwage080207final.pdf>

Green Mandates

In addition to the onerous labor mandates included in the proposal, there are numerous expensive and unnecessary requirements in the bill to “green-up” schools.

Mandates for the inclusion of certain technologies indicate that these are probably not the most cost-effective solutions. School administrators are both intelligent and thrifty - they understand that they need to make the most cost effective use of their limited dollars. Because administrators may not choose expensive renewable technologies favored by the President, the bill states, “the State will give priority to the use of green practices that are certified, verified, or consistent with any applicable provisions of— (i) the LEED Green Building Rating System; (ii) Energy Star; (iii) the CHPS Criteria; (iv) Green Globes;”⁹ These are costly technologies. The Green Globes website is up front about the increased cost:

Building a structure to comply with Green Globes normally costs between 1% and 2% more than a standard building. In regions with extreme temperatures, the additional costs can rise to 8%. This is similar to compliance with any green building standard.¹⁰

In addition to the actual outlays for politically favored technologies, Green Globes also acknowledges that environmental certification will impose costs on schools. Green Globes estimates that it costs between \$3-5,000 to use the online tool and to have a building third-party verified.¹¹

These sums add up and are not trivial. For school systems that have seen increased enrollments and burdensome federal testing requirements, FAST is just another basket of costly mandates that cuts into their instruction budgets and genuinely makes it difficult for educators to improve the quality of education.

Attacking the Wrong Problem

There’s widespread agreement that America needs to improve the quality of instruction in its elementary and secondary school classrooms. This should mean focusing resources on solutions that solve the problems, not on waste and feel good initiatives.

The media likes to write the story that America’s schools are crumbling and kids can’t learn because their classroom is falling down around them. The story is often echoed by special interests whose members stand to benefit financially from increased spending on school infrastructure. But if you ask the folks who run schools day to day – principals - what the physical plant’s impact on instruction is, they’ll give you a different answer.

In 2005 the United States Department of Education did just that. They asked public school principals to “describe the extent to which various environmental factors interfered with classroom instruction.” Eighty-nine percent of principals said that in permanent schools the physical plant of the school had none or only a minor impact on instruction (85% in temporary classrooms.)¹²

⁹ American Jobs Act of 2011, § 225.

¹⁰ Green Globes, Frequently Asked Questions, <http://www.greenglobes.com/about-faq.asp#complycost>

¹¹Ibid.

¹²National Center for Education Statistics, Fast Facts, <http://nces.ed.gov/fastfacts/display.asp?id=94>

Percentage distribution of public elementary and secondary schools indicating the extent to which various environmental factors interfered with the ability of the school to deliver instruction in school buildings, by type of building: Fall 2005

Environmental factor, by type of building	Not at all	Minor extent	Moderate extent	Major extent	Not applicable
Permanent buildings					
All factors, taken together	56	33	9	1	---
Portable buildings					
All factors, taken together	55	30	13	2	---

Additionally the Government Accountability Office recently pointed out that the research has not established a solid link between school facilities and student performance.

The research studies GAO reviewed on the relationship between the condition of school facilities and student outcomes often indicated that better facilities were associated with better student outcomes, **but there is not necessarily a direct causal relationship and the associations were often weak compared with those of other factors, such as the prevalence of poverty or other student characteristics. (emphasis added)**¹³

While students in high quality school facilities may perform better, GAO's study indicates that it is likely because of other factors that affect student performance not the quality of the school facilities. Advocates for increased school construction spending who base their arguments on student performance are confusing correlation with causation.

The President's plan is going to throw \$25 billion at non-existent or minor problems. When initiatives like this are combined with excessive bureaucratic overhead and massive regulations from Washington, it quickly becomes apparent why we have a crisis in American education.

Making the Problem Worse

Some could argue that even if this program is wasteful, inefficient and misdirected, it's still free money for the states. Schools can install some solar panels, patch a roof here and there, and there will at least be a net improvement in American education. Sadly this is not the case.

Over the last few decades, we have seen the creeping influence of the federal spending in elementary and secondary education -- from 5.7% of all spending in 1990 to 10.8% this year.^{14, 15} While just under 11% still represents a relatively small percentage of education spending, it is large enough that states cannot ignore it. Supporters of a greater role for Washington in education know that. What they do is take this relatively small, but irresistible amount of money, and tie it to increasingly burdensome regulations. The "No Child Left Behind Act" is a prime example.

¹³ United States Government Accountability Office, SCHOOL FACILITIES: Physical Conditions in School Districts Receiving Impact Aid for Students Residing on Indian Lands, <http://www.eric.ed.gov/PDFS/ED506943.pdf>

¹⁴U.S. Department of Education, 10 Facts About K-12 Education Funding: Archived Information, <http://www2.ed.gov/about/overview/fed/10facts/index.html>

¹⁵U.S. Department of Education, The Federal Role in Education, <http://www2.ed.gov/about/overview/fed/role.html>

The Obama Administration is looking to do the same thing with the school modernization portion of the stimulus. Immediately following the section of the President's proposal that requires the utilization of green technologies is a requirement that the state continue to foot the bill for these expensive technologies long after the federal spending has dried up. Part (G) of Section 225 requires recipients of stimulus dollars to include:

A description of the steps that the State will take to ensure that local educational agencies receiving subgrants will adequately maintain any facilities that are modernized, renovated, or repaired with subgrant funds under this part.¹⁶

In order for states to successfully apply for grants under the stimulus, they're going to have to show both that they're committed to installing green technologies, and that they've committed to spend their own money to maintain these technologies "36 months after the date of enactment of this Act" when the federal dollars dry up.¹⁷

Backers of renewables like to point out that renewable technologies may cost more up front, but they save money over the long-term. What the Obama Administration has created is an up-front fund to purchase the technologies, a mandate to maintain them, and then no source of funds outside of the 36 months to pay for the multi-decade maintenance of the renovations.

Conclusion

The goal of education spending should be to improve the students' education, not to drum up business for favored special interests. The FAST program clearly fails that test.

Some might even argue that ultimately it's only \$25 billion in a \$450 billion bill in a \$3.5 trillion budget. But it's thousands of modestly-sized programs like this and others that have saddled the nation with an unsustainable debt.

This negative impact of our borrowing on today's students is enormous. It will increase the cost of their eventual student loans, perhaps prohibitively. It will shrink their job prospects upon graduation, making it harder for them pay back those loans at all. And ultimately our debts will have to be repaid by them and their children. It isn't free money, it's their money.

All is not lost, and the solution is relatively simple. We should return education spending control to the communities who know what they need and get out of their way and let teachers teach. Top down approaches like FAST do more harm than good and are part and parcel of a broken education system that is failing the next generation.

If the president's proposal becomes law, schools would be better served by saying "no thanks" to the school modernization funding and keep themselves focused on improving the quality of instruction in their communities. Their schools are for their children, not President Obama's cronies.

¹⁶The American Jobs Act of 2011, §225 Part (G).

¹⁷The American Jobs Act of 2011, § 228.