

For Education Chief, Stimulus Means Power, Money and Risk

By SAM DILLON FEB. 16, 2009



Arne Duncan, newly appointed secretary of education, at the Office of Postsecondary Education in Washington in January. Credit: Veronika Lukasova for The New York Times

WASHINGTON — The \$100 billion in emergency aid for public schools and colleges in the economic stimulus bill could transform [Arne Duncan](#) into an exceptional figure in the history of federal education policy: a secretary of education loaded with money and the power to spend large chunks of it as he sees fit.

But the money also poses challenges and risks for Mr. Duncan, the 44-year-old former Chicago schools chief who now heads the Department of Education.

Mr. Duncan must develop procedures on the fly for disbursing a budget that has, overnight, more than doubled, and communicate the rules quickly to all 50 states and

the nation's 14,000 school districts. And he faces thousands of tricky decisions about how much money to give to whom and for what.

“It'll be wonderful fun for a time for his team — it'll be like Christmas,” said Chester Finn, a former Department of Education official who has watched education secretaries or commissioners come and go here since the mid-1960s. “But the thing about discretionary spending is that it makes more people angry than it makes happy.”

The bill, which President Obama is expected to sign on Tuesday, doubles federal spending on disadvantaged and disabled children, includes hefty increases in the main federal college scholarship program and for Head Start, and, for the first time, makes billions in federal dollars available for school renovation.

Expectations are running so high, and the appetite for information is so large among the nation's educators, that when Mr. Duncan organized a conference call last Wednesday to begin explaining the stimulus bill's terms to a few dozen state and district superintendents, 800 callers swamped the switchboard.

Most of Mr. Duncan's unusual power would come in disbursing a \$54 billion stabilization fund intended to prevent public sector layoffs, mostly in schools. The bill sets aside \$5 billion of that to reward states, districts and schools for setting high standards and narrowing achievement gaps between poor and affluent students. The law lets Mr. Duncan decide which states deserve awards and which programs merit special financing.

“It's hard to imagine moving that much money that quickly,” said Margaret Spellings, Mr. Duncan's predecessor, who turned her seventh-floor office over to him last month. “The point is, it's never been done before, and as much confidence as I have in Arne Duncan, there's an awesome opportunity for slippage with that much money moving through the meat grinder.”

Maybe Ms. Spellings is slightly jealous, since she and other secretaries stretching back decades had only small amounts of money for favored projects.

“Teeny, teeny,” said Amy Wilkins, who as vice president at the Education Trust, a civil rights group, has studied the budgets of several of Mr. Duncan's predecessors. “Margaret was looking for quarters in her pencil drawer.”

Mr. Duncan said he understood the unusual circumstances.

“There’s going to be this extraordinary influx of resources,” he said in an interview. “So people say, ‘You’re going to be the most powerful secretary ever,’ but I have no interest in that. Power has never motivated me. What I love is opportunity, and this is a once-in-a-lifetime opportunity to do something special, to drive change, to make our schools better.”

Mr. Duncan said he intended to reward school districts, [charter schools](#) and nonprofit organizations that had demonstrated success at raising student achievement — “islands of excellence,” he called them. Programs that tie teacher pay to classroom performance will most likely receive money, as will other approaches intended to raise teacher quality, including training efforts that pair novice instructors with veteran mentors, and after-school and weekend tutoring programs.

The stimulus money will help states avert some, but most likely not all, of the education cutbacks for the 2009-10 school year resulting from state budget shortfalls that currently total some \$132 billion. California, for instance, is facing a \$41 billion budget shortfall, much of it in school spending, but will receive some \$11 billion in education money from the stimulus, estimates the National Education Association, the nation’s largest teachers union.



The positions of deputy secretary, under secretary and chief of staff and dozens of other senior posts at the Education Department remain unfilled, so Mr. Duncan is relying on help from career officers and consultants. He has appointed teams to develop procedures for distributing the stimulus billions quickly, and many aides, he said, have been working evenings and weekends to begin organizing the effort.

“I want all of us to work hard enough and smart enough to take full advantage of this, because it’ll never happen again,” Mr. Duncan said last month in his first speech to hundreds of civil servants at department headquarters, as the outlines of the huge [stimulus package](#) were taking shape in Congress.

Urging department employees not to be deferential, he described the reception he got on his first visit to his headquarters.

“It was like, ‘Hello, Mr. Secretary-designate-nominee,’ and it didn’t feel right,” Mr. Duncan said. “My name is Arne. It’s not Mr. Secretary. Please just call me Arne.” That line drew a standing ovation.

He has hit it off well with Congress, too, so far. His wife, Karen, whom Mr. Duncan met in Australia, where he played professional basketball after his 1987 graduation from Harvard, accompanied him to his Senate confirmation, along with their daughter, Claire, 7, and son, Ryan, 4, who sat quietly during the hearing, reading storybooks.

“If you and your wife have done such a great job with Ryan, who is so well behaved, I hope you can do that with every child in American classrooms,” said Senator Johnny Isakson, Republican of Georgia.

Another Republican senator, Lamar Alexander of Tennessee, said Mr. Obama had made “several distinguished cabinet appointments.”

“I think you’re the best,” Mr. Alexander, who was education secretary under the first President Bush, said to Mr. Duncan.

But now comes the hard part.

Last year the Education Department distributed about \$59 billion to states, school districts and colleges, most of it along well-worn financing paths mapped out by Congress.

“Congress usually spends two years debating the rules for how to spend \$50 million,” said Jack Jennings, president of the Center on Education Policy, a research organization in Washington. “But this time they’re providing money without spelling out how it should be spent, so Arne Duncan and his staff are going to have to work out rules themselves in just weeks. He’s going to have his hands full.”

Congress has stipulated some rules, of course. To receive a share of the \$54 billion stabilization fund, governors must make several “assurances” to Mr. Duncan, intended to drive school reforms: that they are developing statewide data systems that can allow schools to track individual students’ academic progress, that they are assigning experienced teachers fairly to rich and poor schools alike, and so on. Mr. Duncan has the ticklish job of ruling on whether the governors’ assurances are convincing.

And Congress has given him a \$5 billion incentive fund that he can use to reward states that are raising student achievement and withhold money from states that are not. “We have states that tell the public that 90 percent of kids are meeting state standards,” Mr. Duncan said, “but when we look at how they’re doing on the [National Assessment of Educational Progress](#), it’s nowhere close. I’m not going to reward that. I want to be transparent about the good, bad and the ugly.”

Some states and districts will get less than what they believe is their share, which could create powerful enemies.

“Secretary Duncan has a very challenging job,” said Joel Packer, a lobbyist for the National Education Association. “It’ll take a lot of effort to get this right.”

A version of this article appears in print on , on Page A1 of the New York edition with the headline: For Education Chief, Stimulus Means Power, Money and Risk. [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)