And They’re Off: Tracking Federal Race to the Top Investments From the Starting Gate

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Abstract
The Race to the Top fund (RTT) is intended to be a major federal investment in state and local education capacity and systemic education reforms aligned with federal policy priorities. In coming years, questions will be asked about the extent to which investments made through the RTT grant program improve educational productivity and effectiveness. This article establishes a baseline profile for how states and localities intend to invest federal RTT funds. The authors’ initial look at states’ RTT budgets provides an early indication of the amounts and types of investments in public education that are likely to result from the RTT program as well as raises critical questions for consideration in future evaluations of the RTT grant program.

Keywords
Race to the Top program, federal grant making, education policy

The 2009 American Recovery and Reinvestment Act (ARRA) provided nearly US$100 billion in nonrecurring federal funds for education. Although the law’s primary purpose was to help stabilize state and local education budgets hit hard by the economic recession, it also included parameters for how

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these funds should be spent. Policymakers prioritized investments in state and local education capacity and systemic education reforms that hold promise for improving student learning and achievement, particularly in high-needs schools. In doing so, ARRA was intended to be a major federal investment in education reform, shaping both the nature of existing state and local education policies and practices and the types and amounts of investments made in public education.

The Race to the Top fund (RTT) was front and center in federal efforts to use ARRA funding as an instrument for educational change. A US$4.35 billion competitive grant program for states, RTT was designed to “encourage and reward States that are creating conditions for education innovation and reform” (U.S. Department of Education, 2010b). To qualify for funding, states were required to develop plans for investing in state and local education agency (LEA) capacity and instituting reforms aligned with federal policy priorities articulated in the ARRA legislation and the RTT fund’s grant parameters (U.S. Department of Education, 2010c). The RTT competition received unprecedented attention. Forty-six states and the District of Columbia competed against one another (in two rounds) for a limited number of large one-time grants. Their applications were widely publicized and politicized, even though less than 1% of total annual K-12 public school funding was available through the RTT fund. Moreover, many applicants took additional steps to change state laws and regulations, as well as local labor agreements, to meet grant requirements and improve their competitive standing (McGuinn, 2010; McNeil, 2009). In the end, 11 states and the District of Columbia were awarded grants ranging between US$75 and US$700 million, expendable over a 4-year period.

In coming years, education policymakers and researchers will ask serious questions about the extent to which the RTT program succeeded in achieving its goals and whether the program ultimately increased educational productivity and effectiveness. At issue will be the extent to which the multibillion dollar federal investment built state and LEA capacity and catalyzed educational change, resulting in improvements in student learning and achievement. Researchers investigating the extent to which RTT “money mattered,” however, will first need to establish that investments were made in ways that should matter. This article lays the foundation for this future work. In this study, we examine how states and localities plan to invest federal RTT funds to accomplish the plans articulated in their grant applications. In doing so, we establish a baseline profile against which future spending as well as changes in state and local educational policy and practice may be compared. Our initial look at anticipated expenditures provides an early indication of how
states intend to meet their goals and assurances under RTT as well as lays a foundation for understanding the amounts and types of federal investments in public education that resulted from the RTT grant program.

The remainder of this article is organized as follows. In the following section, we situate the RTT program in the larger context of historical federal investments in public education. This is followed by an overview of the study and a discussion of the data and methods used in our analysis. We then present the study’s findings and subsequently identify critical issues for researchers and policymakers to consider in future evaluations of investments in public education resulting from the federal RTT grant program.

Race to the Top: A Change in Tack for Federal Investments in Public Education

The federal government’s concern for public education reflects its interest in advancing four national priorities: “to promote democracy; to ensure equality of educational opportunity; to enhance national productivity; [and] to strengthen national defense” (Jennings, 2001, p. 5). However, despite these national priorities, the federal government lacks a clearly defined role in educational policy; most authority and responsibility for public education rests with states and localities, thus limiting the federal government’s ability to influence education policy, practice, and resources. In such a decentralized system, the federal government has come to primarily rely on funding—notably grants in aid to states and localities—as its primary instrument for influencing education policy and to reach national goals for public education (Manna, 2010).

The most expansive effort to use federal funding as a policy lever has been the Elementary and Secondary Education Act’s (ESEA). Title I, ESEA’s centerpiece, focused on improving education for children from poor families by providing grants for elementary and secondary school programs for children from low-income families and support for school libraries, textbooks, instructional materials, supplemental education services, state education agencies, and educational research and training (McGuinn, 2006). Title I funds are distributed according to a formula grant based primarily on Census poverty estimates and the cost of education in each state, per four statutory formulas. Once the total federal appropriation is established, states and LEA’s allocations are determined. Title I funding has become synonymous with what is publicly understood as “federal school aid.” Its coverage is far reaching. As of the 2006-2007 school year, nearly US$13 billion federal Title I dollars supported educational programs for more than 17 million children in more than 50,000 public schools (U.S. Department of Education, 2010a).
Initially, Title I provided few statutory requirements and little guidance for how states and localities should invest federal money, other than it should be spent on poor children, and the law did not hold states and districts accountable for the quality of education that Title I was meant to promote (Cohen & Moffitt, 2009). Over time, frustration with the productivity of federal investments in public education led policymakers to institute increasing requirements for states and localities tied to the receipt of federal Title I funds. Starting with the Improving America’s Schools Act and Goals 2000 Educate America Act in 1994 and, subsequently, in the reauthorization of ESEA (2002), also known as the No Child Left Behind Act (NCLB), the federal government used Title I funding to leverage reforms focused on academic standards, tests, and accountability to improve schools. As such, what began as a “program that brought new money to poor children’s schools, [became] a major force that has brought stiff federal requirements to schools in most states and localities” (Cohen & Moffitt, 2009, p. 8) and has since served as a vehicle for asserting federal ideas and influence on education policy and practice (Cohen & Moffitt, 2009; Gordon, 2008).

However, questions have been raised regarding the extent to which using federal Title I funds as an instrument to improve student learning and achievement in public schools has been an effective tool. Most recently, NCLB’s reliance on coercive federal mandates, and the compliance culture it fostered at the state level, . . . forced states to change many of their educational practices, but political resistance and capacity gaps at the state level meant that these changes were often more superficial than substantive. As a result, the law did not generate as much meaningful school improvement or progress in closing student-achievement gaps as was originally hoped. (McGuinn, 2010, p. 2)

In many ways, RTT responds to the perceived failings of NCLB, and Title I more generally, to achieve federal priorities for public education, and represents a change in the federal government’s approach to investing in public education (McGuinn, 2010). Given recent experiences with NCLB, federal policymakers were wary of simply mandating preferred reform strategies and trying to subsequently ensure compliance (Manna, 2010). In contrast to NCLB’s reliance on formula-driven Title I funds to address gaps in student achievement and encourage states and localities to align their educational policy and practice with federal goals, the RTT program relies on a voluntary, competitive process by which the federal government awards large one-time
grants to a select number of states that propose credible plans to build internal capacity and pursue educational reforms in four areas prioritized by the federal government:

1. Adopting internationally benchmarked standards and assessments;
2. Building data systems that measure student success and inform teachers and principals in how they can improve their practice;
3. Increasing teacher effectiveness and achieving equity in teacher distribution; and
4. Turning around the lowest-achieving schools (U.S. Department of Education, 2010b).¹

RTT application guidelines established parameters for how much money a state could request and how these funds could be used. Generally, the size of a grant was dependent on a state’s population of children in the age group of 5 to 17 years. For Phase 2, the U.S. Department of Education established firm budget ranges—between US$20 and US$700 million—for specific states (U.S. Department of Education, 2010d). States also were required to subgrant 50% of their total proposed grant to “participating LEAs,” who signed Memoranda of Understanding (MOU) with their state, agreeing to implement all or a significant portion of its proposed reform plan. State applications for funding included detailed proposal narratives that described each state’s reform plans and a corresponding budget detailing how RTT grant funds and other resources would be invested to support proposed reforms.

State proposals for federal RTT funding were evaluated against well-publicized criteria that further clarified federal priorities and provided states with a common framework for developing their reform plans. Specifically, states were asked to address two types of selection criteria: state reform conditions criteria and reform plan criteria (U.S. Department of Education, 2010c; Figure 1). State reform conditions criteria identified reforms that a state should have in place or be able to document progress toward at the time of its application. For instance, applicants were asked to demonstrate that they had fully implemented their statewide longitudinal data systems and did not have laws or regulations that barred linking student- and teacher-level data.

Reform plan criteria were used to evaluate state plans for investing their RTT grant awards and included policy prescriptions and guidelines for determining the extent to which state plans addressed each of the four federal priority areas noted above. For instance, applicants were asked to describe their plans for ensuring an equitable distribution of effective teachers and principals within their state and to establish systems for evaluating teachers...
In addition, review criteria identified a fifth policy area, STEM (science, technology, engineering, and mathematics) education, and four invitational priorities: (1) Innovations for improving early learning outcomes, (2) expansion and adaptation of statewide longitudinal data systems, (3) P-20 coordination and vertical and horizontal alignment, and (4) school-level conditions for reform, innovation, and learning.

### Figure 1. RTT (Race to the Top) grant selection criteria and possible points

<table>
<thead>
<tr>
<th>A. State Success Factors</th>
<th>Reform Conditions Criteria</th>
<th>Reform Plan Criteria</th>
<th>Possible Points</th>
<th>Points as a % of Total Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)(1) Articulating a State’s education reform agenda and LEAs’s participation in it</td>
<td>125</td>
<td>25%</td>
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<tr>
<td>(A)(2) Building strong statewide capacity to implement, scale up, and sustain proposed plans</td>
<td>n/a</td>
<td>65</td>
<td></td>
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<tr>
<td>(A)(3) Demonstrating significant progress in raising student achievement and closing gaps</td>
<td>30</td>
<td></td>
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<thead>
<tr>
<th>B. Standards and Assessments</th>
<th>Reform Conditions Criteria</th>
<th>Reform Plan Criteria</th>
<th>Possible Points</th>
<th>Points as a % of Total Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(B)(1) Developing and adopting common standards</td>
<td>X</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(B)(2) Developing and implementing common, high-quality assessments</td>
<td>X</td>
<td>10</td>
<td></td>
<td></td>
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<tr>
<td>(B)(3) Supporting the transition to enhanced standards and high quality assessments</td>
<td>X</td>
<td>20</td>
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</table>

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<tr>
<th>C. Data Systems to Support Instruction</th>
<th>Reform Conditions Criteria</th>
<th>Reform Plan Criteria</th>
<th>Possible Points</th>
<th>Points as a % of Total Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(C)(1) Fully implementing statewide longitudinal data systems</td>
<td>X</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(C)(2) Accessing and using State data</td>
<td>X</td>
<td>5</td>
<td></td>
<td></td>
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<tr>
<td>(C)(3) Using data to improve instruction</td>
<td>X</td>
<td>18</td>
<td></td>
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<table>
<thead>
<tr>
<th>D. Great Teachers &amp; Leaders</th>
<th>Reform Conditions Criteria</th>
<th>Reform Plan Criteria</th>
<th>Possible Points</th>
<th>Points as a % of Total Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(D)(1) Providing high-quality pathways for aspiring teachers and principals</td>
<td>X</td>
<td>21</td>
<td></td>
<td></td>
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<tr>
<td>(D)(2) Improving teacher and principal effectiveness</td>
<td>X</td>
<td>58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(D)(3) Ensuring equitable distribution of effective teachers and principals</td>
<td>X</td>
<td>25</td>
<td></td>
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<tr>
<td>(D)(4) Improving the effectiveness of teacher and principal preparation programs</td>
<td>X</td>
<td>14</td>
<td></td>
<td></td>
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<tr>
<td>(D)(5) Providing effective support to teachers and principals</td>
<td>X</td>
<td>20</td>
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</table>

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<thead>
<tr>
<th>E. Turning Around the Lowest-Achieving Schools</th>
<th>Reform Conditions Criteria</th>
<th>Reform Plan Criteria</th>
<th>Possible Points</th>
<th>Points as a % of Total Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(E)(1) Intervening in the lowest achieving schools and LEAs</td>
<td>X</td>
<td>50</td>
<td>10%</td>
<td></td>
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<tr>
<td>(E)(2) Turning around the lowest-achieving schools</td>
<td>X</td>
<td>40</td>
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</table>

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<thead>
<tr>
<th>F. General</th>
<th>Reform Conditions Criteria</th>
<th>Reform Plan Criteria</th>
<th>Possible Points</th>
<th>Points as a % of Total Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(F)(1) Making education funding a priority</td>
<td>X</td>
<td>55</td>
<td>11%</td>
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<tr>
<td>(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools</td>
<td>X</td>
<td>40</td>
<td></td>
<td></td>
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<tr>
<td>(F)(3) Demonstrating other significant reform conditions</td>
<td>X</td>
<td>5</td>
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<td></td>
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</table>

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Reform Conditions Criteria</th>
<th>Reform Plan Criteria</th>
<th>Possible Points</th>
<th>Points as a % of Total Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1: Absolute Priority — Comprehensive Approach to Education Reform</td>
<td>n/a</td>
<td>15</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Priority 2: Competitive Preference Priority — Emphasis on STEM Learning Outcomes</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Priority 3: Invitational Priority — Innovations for Improving Early</td>
<td>n/a</td>
<td></td>
<td></td>
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<tr>
<td>Priority 4: Invitational Priority — Expansion and Adaptation of Statewide Longitudinal Data Systems</td>
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<tr>
<td>Priority 5: Invitational Priority — P-20 Coordination, Vertical and Horizontal Alignment</td>
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<tr>
<td>Priority 6: Invitational Priority — School-level Conditions for Reform, Innovation &amp; Learning</td>
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</table>

Source: Federal Register, Vol.75, No. 71: pp. 19496-19531
State applications were scored against a rubric that incorporated 19 factors, organized into 6 categories: state success factors, a “general” category (e.g., making education funding a priority), and the four federal priority reform areas. States also could receive additional points for developing plans that emphasized STEM education. Not all selection criteria, however, received equal weighting in the scoring calculations; more or less emphasis was placed on certain reforms and priorities (see Figure 1). The choice to differentially weight reform priorities was intended as a signal to states as to the federal government’s preferences for the types of initiatives they should undertake and how RTT funds should be invested. For instance, 28% of total points were allocated to state plans for investing in “great teachers and leaders” whereas 14% were allocated to state plans for improving “standards and assessments,” 10% to “turning around low-performing schools,” and 9% to “data systems and instruction.” That said, although application criteria and scoring certainly pushed states toward developing plans aligned with federal priorities, considerable discretion was left to states to develop plans that reflected their own local conditions.

Study Overview

In the end, across two rounds of competition, 11 states and the District of Columbia were awarded federal RTT grants ranging between US$75 and US$700 million. Over a 4-year period, awardees will spend US$4.35 billion in federal funds on reform initiatives outlined in their grant proposals. Looking forward, at issue will be the extent to which the sizable federal investment in public education results in improvements to state and LEA capacity and stimulates changes in education policy and practice that are aligned with federal policy priorities. That is, policymakers and researchers will be interested in understanding the extent to which federal investments, or “money,” mattered in making forward progress toward achieving national goals for public education. Important questions also will be raised regarding the effectiveness of the RTT competitive grant program as an instrument for advancing federal educational priorities. For instance, do competitively awarded federal grants move state and local policy and practice closer toward national goals for public education? And to what extent do policy prescriptions—such as those incorporated in the RTT competition—improve the productivity of federal investments in public education?

This study takes first steps toward answering these questions and lays the foundation for future research. Specifically, we examine how states and localities plan to spend their RTT funds to accomplish the goals articulated in
their grant applications. In doing so, we establish a baseline profile of RTT grantee budgets. The profile provides an important starting point for tracking the amounts and types of investments made by states as a result of their RTT grants as well as examining the extent to which states established different priorities for investing their RTT grant funds. Of interest is not only the composition of investments across federal reform priorities but also the relative amounts and their distribution across levels of the educational system and other sectors (e.g., private contractors, charter schools). In addition, we use information from RTT grantee applications to describe the ways in which states intend to use their RTT grants to leverage other funding sources to expand the total investment in related-reforms beyond their federal grant and state plans for sustaining reforms after their RTT grant concludes. We build on our analysis of RTT grantee applications and budgets to identify critical issues for researchers and policy makers to consider in future evaluations of investments in public education resulting from the federal RTT grant program.

Data and Method

Our work relies on the application materials for the 10 states awarded RTT grant funds during Phase 2 of the competition. Included in our review were states’ initial grant applications, including appendices; follow-up presentations and additional application materials; and, where available, final scopes of work and approved amendments. Altogether these materials provide considerable detail on states’ plans for reform and how they intend to spend grant funds to support these activities. In their applications, states were required to not only articulate comprehensive plans for systemic reform but also describe the specific projects they intend to undertake to accomplish these broader goals.

We used this information to construct detailed budget profiles for each grantee. The profiles describe the projects a state will undertake, and the corresponding budgeted expenditures were categorized according to personnel and fringe benefits, travel, equipment, supplies, contractual support, training stipends, other expenses, indirect costs, supplemental funding for involved and participating LEAs, and funding subgranted to participating LEAs. We summarized this information according to key grant activities, including (a) federal reform priorities, (b) the grant’s competitive and invitational priorities, (c) expenses related to implementing and administering the RTT grant, and (d) funding subgranted to LEAs. In addition, states were encouraged to reallocate and repurpose other education funds to align with RTT program
priorities. To the extent that this occurred, these funds represent additional investments in RTT-related reforms. We reviewed state application materials to identify other funding sources states intend to draw upon. However, this information was primarily descriptive; states were not required to provide budget information for non-RTT funds.

Budget information contained in state RTT grant applications provide an important first look at the amounts and types of investments states and localities plan to make. However, this information is not without limitations. First, budgets represent plans for how funds will be spent, not actual expenditures. Second, the proposed budgets may not reflect the total amount a state intends to spend on identified projects. Although we tried to capture the availability of supplemental state funding for RTT-related reforms, budget information for non-RTT funds was not included in the grant applications materials. Third, budget and expenditure information are not analogous with the full complement of resources states and localities may invest in RTT-related reforms and cannot be used as proxies for program cost (Levin & McEwan, 2001). That said, even with these limitations, the budget analysis presented in this study provides an important starting point for understanding state plans for investing in RTT-related reforms and can serve as a benchmark for future work.

Findings

In this section, we present findings from our analysis of state RTT grant applications. Initially, we examine how states allocated their RTT grant funds across broad categories, including the four federal priority reform areas, grants to local school districts within states, and grant administration. Next, we explore the extent to which states differed in how they plan to spend their grant on the education reform areas prioritized in the RTT grant competition. We then look at the distribution of grant funds across levels of the educational system (state and LEAs) and other sectors, including private contractors. Finally, we describe the other funding sources states will use to supplement their RTT grant activities.

Budgeted Expenditures

The first step in our analysis was to examine how states plan to allocate their total RTT budget, equivalent to a states’ total grant award (Figure 2, Column 1). We use this information to illustrate differences in the allocation of federal funds across levels of the educational system, notably between state and LEAs. Overall, we find that the majority of RTT grant funds will be directed toward two activities: (1) state-level investments in reforms related to the
Figure 2. Overview of RTT (Race to the Top) grantee (Phase 2) budgeted expenditures
four federal priority areas, and (2) subgrants to participating LEAs. On average, almost half of state RTT grants (45%) will be spent at the state level on projects related to federal reform priorities (data systems, teachers and leaders, standards and assessments, improving low-performing schools). The District of Columbia and Rhode Island plan to spend somewhat less, electing to allocate a slightly larger share to grant administration. DC also elected to exceed federal requirements for passing on funds to LEAs—allocating nearly 57% of its grants to local schools. New York allocated the largest share of its RTT budget (48%) to state-directed reforms aligned with federal policy priorities. Although by design our findings suggest that states will play a key role in developing and implementing RTT reforms and that unlike Title I where the bulk of the responsibility falls to LEAs and schools to spend federal dollars, a substantial share of RTT grant funds will be spent by state educational agencies to build capacity and undertake reform projects.

Consistent with federal requirements, each state will subgrant at least 50% of its RTT grant to participating LEAs. Presumably, a substantial portion of these dollars also will be spent on RTT-related reforms. To receive RTT grant funds from the state, LEAs were required to indicate their commitment to and participation in their state’s RTT program by signing a MOU (Memorandum of Understanding) with their state, agreeing to implement all or a significant portion of its RTT reform plan. Unlike states, however, participating LEAs were not required to submit project-level budgets at the time states applied for RTT funding. This makes it difficult to examine and, potentially compare, how LEAs plan to spend federal RTT grant dollars on federal reform priorities.

It also is worth noting that the share of grant funds spent on program administration varies considerably across states. For example, less than 1% of New York’s total RTT budget will be spent on program administration, whereas nearly 10% of DC’s grant will be spent on administrative activities. Descriptively, we find that the variation in administrative costs appears to be at least somewhat related to state-level decisions regarding whether to use support of existing state personnel or contractors using RTT funding. New York, for example, will rely on existing program staff, supported by other funding sources, to assume grant management and programming activities. This was less so the case in states like Massachusetts, which intend to shift the costs of some existing personnel to and hire new staff using RTT grant funding.

State Reform Priorities

As a second step, we sought to better understand the extent to which states set different priorities for using their share of RTT funding to support federal
education reform priorities. This follows up on our observation above—that states will play a key role in spending RTT grant funds. For each state, we calculated the portion of its budget that represents its share of the total federal grant; that is, those grant funds that will be spent by the state and not passed through to LEAs (Figure 2, Column 2). Looking at a state’s share of the proposed budget, as opposed to a state’s total RTT budget, provides a more accurate picture of how states will invest in RTT-related reforms. In the following sections, we discuss state spending on projects related to the federal priority reform areas identified in the RTT grant competition, the extent to which states will distribute a portion of their budgets to contractors and provide additional funding to LEAs to accomplish their goals, and describe the types of other funding sources on which states will draw to supplement their investments using RTT grant funds.

**Federal priority reform areas.** RTT grant parameters require states to invest in projects that address the four federal priority areas for educational reform. States, however, did not need to invest equally in each priority area. In fact, as suggested by the differential weighting used to score RTT grantee applications as well as each state’s unique reform conditions and needs, state-level investments should be unequal across the priority areas. Our findings confirm this pattern in two ways: States did not allocate equal proportions of their grant budgets to the four reform priority areas, nor did they allocate equal proportions of their budgets to specific reform-area project categories established by the RTT grant application within each of the reform priority areas (see Figure 3).

For most states, nearly one third of state-level spending (about US$589 million) from RTT grants will be for projects intended to improve teacher and leader effectiveness. Florida and North Carolina, however, are notable exceptions. Only about one fifth of Florida’s state-level spending from its RTT grant will be directed to improving teacher and leader effectiveness, whereas more than half of the state’s share of North Carolina’s budget will support reforms in this area. In a closer look at the types of reform-area projects states plan to undertake to improve teacher and leader effectiveness, we identify considerable variability in how states plan to invest federal RTT funds across five project areas: (1) providing high-quality pathways for aspiring teachers and principals, (2) ensuring equitable distribution of effective teachers and principals, (3) providing effective support to teachers and principals, (4) improving teacher and principal effectiveness based on performance, and (5) improving the effectiveness of teacher and principal preparation programs (Figure 4). Looking across states, projects related to “improving teacher and principal effectiveness based on performance” were a top priority for investing RTT grant funds. In three states—Georgia, New York,
and Rhode Island—about one quarter of all state-level spending from the federal RTT grant will be dedicated to establishing approaches to measuring student growth, designing and implementing new teacher and principal evaluation systems, reforming teacher compensation systems, and using teacher evaluations to inform teacher retention, promotion, and retention decisions. DC, Hawaii, Massachusetts, and North Carolina allocated between 11% and 14% of their state
RTT budgets for similar reforms. Altogether, across states, about US$234 million in state-level RTT grant funds have been budgeted for investments in improving teacher and leader effectiveness. To some extent states’ relative emphasis on improving teacher and leader evaluation systems, which is at the heart of the federal approach to improving teacher and leader effectiveness, makes sense. For most states, establishing such systems is a new priority that will require considerable investment of new resources to build the capacity necessary to implement these reforms.

Grantee budgets suggest that state reform plans also emphasized creating projects that will provide additional support to existing teachers and educational leaders. Six of the 10 grantees allocated between 9% and 19% of the state’s share of the RTT grant budget to professional development, coaching, induction and mentoring, and other job-embedded training and development activities for teachers and school leaders. In addition, six grantees intend to use RTT grant funding to improve the equitable distribution of teacher and school leader talent across and within school districts. In these instances, between 4% and 14% of state-level RTT budgets will be allocated to projects designed to encourage teachers to work in difficult-to-staff schools, including hiring and retention bonuses, and increasing the number and percentage of effective teachers in subject-shortage areas. Finally, six states will use RTT grant funding to improve the effectiveness of their state’s teacher and principal preparation programs. The level of investment varies considerably, however, across states—ranging from near zero to 24% of state-level RTT grant budgets.

By contrast, grantees typically allocated the smallest share of their state-level RTT budgets for improving standards and assessments. For most grantees, investments in reforms related to improving standards and assessments comprise between 10% and 14% of anticipated state-level spending (Figure 3). However, that grantees allocated a relatively smaller share of their grant budgets to reforms in these areas is unsurprising. All of the grantees plan to adopt the Common Core of Standards; in fact, doing so was a reform condition identified in the RTT grant application. Moreover, all of the grantees are members of consortia of states working toward developing and implementing common assessments in core subject areas. State consortia are, in large measure, supported by separate grants from the RTT Assessment Program (a separate funding stream). That said, Florida allocated a substantially larger share of its state-level RTT budget to improving the state’s standards and assessments. The state plans to spend nearly US$82 million to develop and implement new formative assessments in reading and math and interim assessments in all core content areas (and Spanish) to support instruction and
measure student and teacher progress in all Florida schools. Another US$46 million was budgeted for developing new curricular tools to implement the Common Core, including a new Instructional Tools database and a textbook demand study of common core and science textbooks.

All of the states awarded Phase 2 RTT grants reported having a statewide longitudinal data system in place at the time of their grant application, and most received recent federal funding from the Statewide Longitudinal Data Systems (SLDS) grant program to develop or enhance their data systems. Consequently, states proposed to use RTT grant funds to improve the usability and access to these systems, particularly in ways that would allow educational leaders, teachers, policymakers, and researchers to use data to improve instruction, and expand data system coverage to include more students, teachers, grade levels, and subjects. Most grantees allocated between 13% and 25% of the state share of their RTT budget to projects intended to improve access to and use of state data systems (Figure 3).

States applying for grant funding also were asked to demonstrate that they have the authority to intervene directly in persistently low-achieving schools and in LEAs that are in improvement or corrective action status. All of the states awarded Phase 2 RTT grants met this reform condition and articulated plans for identifying and supporting poorly performing schools and LEAs. Six grantees allocated about one quarter of their share of the state’s RTT grant to supporting struggling schools and LEAs, with other grantees allocating smaller shares of their RTT grant to school turnaround activities (see Figure 3). RTT grant funds will support one of the prescribed school intervention models (turnaround model, restart model, school closure, or transformation model) as well as state-specific interventions such as academic coaches and technical assistance providers, subcontracting with private school turnaround organizations, establishing universal pre-kindergarten programs, and grants for charter schools and virtual schools.

Competitive and invitational priorities. Overall, grantees allocated relatively small shares of their budgets to stand-alone projects in the RTT grant competition’s competitive and invitational priority areas. In the case of the grant’s competitive priority—emphasis on STEM education—states were expected to address the priority throughout their grant applications, and only three states proposed stand-alone project budgets in this area. North Carolina allocated 5% of its portion of the RTT budget to developing four coordinated STEM anchor schools. Ohio will use approximately 3% of RTT grant funding to leverage the existing Ohio STEM Learning Network (OSLN) to help with STEM-related teacher training, professional development, and R&D. The District of Columbia will invest US$125,000 of its RTT grant in its
STEM Learning Network. Overall, very few grantees proposed projects in the RTT invitational priority areas. Georgia and New York proposed projects to improve early learning outcomes. Maryland responded to the longitudinal data systems invitational priority (to implement a statewide centralized student transcript system), and New York included a project budget for the school-level conditions priority. In all cases, the budgets proposed for projects in the invitational priority areas were less than 1% of grantees’ total budgets.

Charter schools. The RTT grant competition requires states to ensure that successful conditions for high-performing charter schools and other innovative schools exist in their state. Two states explicitly set aside a portion of their RTT grant budget to meet these objectives³ (see Figure 2). Florida budgeted US$10 million, about 3% of its grant, for a competitive grant program that would allow charter schools or other related entities to receive funding to implement reforms aligned with the RTT grant’s priorities. Maryland’s RTT budget includes approximately US$3.3 million (3% of its total grant costs) for charter school initiatives and reforms.

Distribution of Grant Funds
The next step in our analysis was to examine how states plan to distribute RTT grant funds across levels of the educational system and to independent contractors operating outside of state education agencies. Consistent with grant requirements, in all cases, LEAs will receive at least 50% of RTT grant funds (Figure 4). In some instances, however, states will distribute an additional share of state-level RTT grant budgets to support targeted projects and reforms in LEAs. These funds will be distributed through a variety of mechanisms, including targeted spending by states on specific LEAs (e.g., rural), competitive grants awarded to LEAs by the state, and additional pass-through funds to all participating LEAs. Altogether, LEAs stand to receive between 50% (Florida) and 85% (DC) of RTT funding to support local-level implementation of states’ RTT reform plans. States also plan to rely heavily on independent contractors to implement their reform plans. For example, grantee applications indicate that contractors will be used to help develop assessments, implement and upgrade existing data systems, and provide professional development and technical assistance to teachers and schools. Typically, between one quarter and one third of a state’s grant will be used to pay for contractual services. Florida and Hawaii are notable outliers, with both states intending to spend more than 40% of its budgets on outside contractors.
On average, the smallest share of RTT funding will go to state-level administration for RTT programs, ranging between 2% (Florida) and 23% (North Carolina) of total grant budgets (see Figure 5). The variability in state shares was largely determined by its personnel costs. States took very different approaches to assigning staff to RTT grant activities (see Figure 6). Florida’s grant application, for example, suggests that 18 FTE (full-time equivalent) employees will be employed by the state to implement and administer its RTT grant. However, the application also suggests that the state will largely rely on independent contractors to assist with implementing its reform plans. Maryland took a slightly different approach. The 56 FTE
personnel identified in its grant application will be employed by the state using limited-term contracts and will be ineligible for state fringe benefits. On the other hand, North Carolina’s RTT grant will support 121 FTE state employees, 75 of which will assist with school-turnaround activities and another 31 will work on projects related to improving teacher and leader effectiveness. In Georgia and Massachusetts, the number of FTE employees supported by the grant is different for each year of the grant period.

**Other Funding Sources**

Finally, we reviewed the narrative portion of states’ grant applications to identify the other sources of funds grantees may use to support their RTT-related reform initiative. Since grantees were not required to submit detailed budgets for non-RTT funds, the applications generally only included descriptive information that referenced other types of funding sources on which they may rely. Overall, we found that most grantees intend to supplement their RTT grant with funds from other sources. This was particularly the case with funding resulting from other federal formula, discretionary, and competitive grant programs such as Regular School Improvement Funds (Title I, 1003[g]), ARRA School Improvement Funds (Title I, 1003[g]), Title IIA State Activities Funding, Title IIB Math and Science Partnership Trust Funding, Title III funds, Troops to Teachers grants, Teacher Incentive Fund grants, Statewide Longitudinal Data Systems grants, education technology program funding (regular and ARRA), and Investments in Innovation (I3) grant funds. There also was descriptive evidence that grantees plan to re-purpose and re-allocate existing state resources to support their RTT reform plans; however, we did not find much evidence that states intend to appropriate new funds to support RTT-related reforms. In several instances, we noted that states plan to use nongovernmental funding sources to support their RTT reform plans. New York, for example, intends to use funds from a multimillion dollar settlement with Microsoft to implement selected RTT project plans.

**Discussion**

Looking forward, policymakers and researchers will be interested in evaluating whether federal investments in public education resulting from grant awards through the RTT program improved state and LEA capacity and catalyzed changes in education policy and practice aligned with federal policy priorities. At issue will be the productivity of investments made by
states and localities using RTT grant funds and, ultimately, the extent to which federal investments “mattered” in moving states and localities closer to achieving national goals for public education. In the preceding sections, we presented a baseline profile that describes how states intend to invest RTT grant funds and their plans to rely on additional funding sources to support RTT-related reforms. This profile serves an important starting point for understanding the amounts and types of investments that will be made and as a baseline against which future grant spending might be compared.

Taken together, our initial look at grantee budget information yields several important insights into the composition and distribution of anticipated grant expenditures. First, the lion’s share of RTT grant funds will be used to support projects in the four priority reform areas identified by the federal government. Given states’ MOUs with districts, it is reasonable to think that district-level spending should mirror state-level priorities as well. On average, states allocated the largest share of their RTT grant to projects targeted at improving teacher and leader effectiveness, with spending on turning around low-performing schools, and improving standards and assessments but granting relatively lesser proportions of overall grant budgets to the upkeep of data systems.

Second, the overall trend in how states allocated their grant budgets only somewhat lines up, at least in an ordinal sense, with the scoring weights assigned to the different reform priority areas. At the outset, the weights assigned to the different priority areas for scoring the competition signaled to states that each priority area should not receive equal emphasis in their reform plans. Although most states—with the exception of Florida and Maryland—allocated the largest share of their budgets to teacher effectiveness, the priority area that carried the most weight in application scoring, there was considerable variability in the relative weights states placed on the other three reform areas in their grant budgets. For instance, although 9% of available points were assigned to the “data systems to support instruction” reform priority, the percentage of state RTT budgets allocated to this priority area ranges from near zero to more than one third of total budgeted costs. Similarly, the share of states’ RTT budgets allocated to implementing new standards and assessments ranged between 3% and 40% and between 7% and 25% for turning around low-performing schools. The fact that not all states marched lock-step with allocating grant funds proportionally to the grant competition’s scoring weights is not entirely surprising. Each state’s application proposed a unique plan for not only investing RTT grant funds in improving capacity and educational reforms aligned with federal priorities but also reflecting their own local needs, conditions, and priorities. In fact, a closer look at grant
application materials suggests that a number of factors may have influenced their decisions about how to spend RTT grant funds, including their own goals for reform, programs, and policies already in place within the state, and other sources of funds to which the state has access and their ability to align these funds with RTT-related reforms.

Third, local districts and schools will be responsible for spending a substantial portion of RTT grant funds. Consistent with grant requirements, participating LEAs will receive subgrants of at least 50% of a state’s total RTT grant. But in most states participating LEAs stand to benefit from an even larger share of RTT funding. All but one state’s budget includes additional supplemental funding for participating LEAs, over and above the 50% pass-through. Other grant application materials also suggest that many states plan to selectively distribute additional funding to LEAs from the state’s share of the RTT budget and that these additional funds may go to both participating and nonparticipating LEAs for targeted projects, such as pilot testing new teacher evaluation systems and new state curricula and assessments.4

Fourth, our analyses suggest that grantees heeded federal guidance and limited the extent to which they plan to use RTT funds for recurring costs that commit states and localities to future spending after the grant ends. States intend to rely heavily on outside contractors to assist with tasks, rather than hiring new state personnel. In addition, grantee applications suggest that some states also identified opportunities to reorganize existing state functions and re-allocate and re-purpose existing resources—particularly existing staff—to support RTT-related initiatives. Moreover, grantees intend to use their RTT grants to make sizable one-time investments in infrastructure and capacity. Maryland, for example, allocated more than one third of its grant’s total funds to enhancing its state data systems, and 40% of Florida’s total budgeted costs will go toward improving the state’s standards and assessments, including developing new formative assessments. Teacher compensation reforms, however, pose an important exception. Some state plans include new initiatives for teacher performance pay as well as recruitment and retention bonuses for teachers in difficult-to-staff schools and subject areas. Such reforms will require a sustained and, in some cases, sizable financial commitment on the part of states and localities post-RTT.

Finally, the reform plans and projects articulated in states’ RTT grant applications will benefit from additional spending, over and above what is reported in their RTT grant budgets. Grant application narratives suggest that states will draw upon a broad range of other federal, state, local, and private funding sources to support their reform initiatives. States indicated that they plan to re-prioritize and re-purpose existing funds. There also was evidence
that new funding streams, such as other recent federal grant initiatives (e.g., TIF and SLDS) and nongovernmental funds, will be aligned with RTT grant projects and priorities. It is clear that the total level of investment made in states’ RTT reform plans exceeds the amount of their RTT grant budgets.

Considerations for Future Research and Policy

The RTT fund reflects a desire on the part of the federal government to build capacity for meaningful education reform and, ultimately, improve student learning and achievement. Although this is not the first time the federal government has used grant making as an instrument for educational change, the RTT fund and corresponding state grant competition represent an important new direction for intergovernmental relations in education policy. The RTT fund’s parameters—both the magnitude of the federal investment and the accompanying prescriptions for the types of reforms for which grant funds may be spent—are intended to shape public education at the state and local levels and have the potential for longstanding impacts on state and local education policy, practice, and resources. Tracking how RTT grant dollars are invested is necessary to build this understanding.

Our analysis of grantee budgets provides a baseline, or benchmark, against which to track state-level investments using RTT funds. It is far less clear, however, how districts intend to use RTT grant funds; publicly available RTT grant application materials do not provide the same level of detail regarding district-level investments. MOUs between participating districts and their states provide some indication of the types of activities in which they will be engaged, and LEAs’ final scopes of work should include detailed budget information. Constructing a similar profile of district-level investments using RTT funds is a critical next step, especially given that LEAs will be responsible for spending more than half of states’ RTT grant funds.

Also at issue is whether the education reform priorities established by ARRA and the RTT grant competition are the types of reforms states and localities should undertake. Federal policy priorities helped shape a common reform agenda among grantees and directed state and local reform efforts toward specific policy areas (Kober & Rentner, 2011). However, there has been much discussion and debate as to whether the federal government was too prescriptive with the grant’s guidelines and parameters and the extent to which the identified policy areas represent the right mix of reforms for all states, districts, and schools (Manna, 2010; Nee, 2010). Moving forward, it will be important to not only carefully evaluate the relative effectiveness of specific reform projects undertaken by states and localities but also potential
interactions among these initiatives. Ultimately, the productivity of RTT grant funds will depend on the extent to which they were invested in reforms that hold promise for improving student learning and achievement.

Even if federal policy prescriptions represent an appropriate framework for education reform, the RTT grant program’s success is still highly dependent on the extent to which state and LEAs implement their reform plans with fidelity. Recent experience with NCLB suggests that although the federal government can use its grant-making authority to coerce states and localities to adopt certain policies, it struggles to hold them accountable for implementing these reforms (Manna, 2010). With the RTT fund, the federal government adopted a somewhat different approach to working with states and LEAs. States voluntarily entered the competition for federal funding and developed their own reform plans, oftentimes with a great deal of stakeholder input. However, the RTT grant competition may have been uniquely opportunistic, coming at a time when state and LEAs faced significant budget shortfalls. This calls into question the intent underlying state applications for RTT funding. Were states competing for RTT funds because they were deeply committed to the federal reform agenda or because they desperately needed additional funds to maintain their education systems? The extent to which states and localities were “in it for the money” calls into question state and local wherewithal to fully implement and sustain their RTT reform plans, particularly when reforms may be politically unpopular or require longer-term sustained investments of non-RTT funds (McGuinn, 2010; Smarick, 2010). At issue going forward will be the extent to which the federal government is successful in holding states and LEAs accountable for the goals and assurance they made in their grant applications. The U.S. Department of Education has promised oversight and enforcement for the RTT grant program. However, if history is a guide, this could prove to be a difficult task. RTT did nothing to address systemic challenges in implementing federal policy priorities in a fragmented and decentralized education system; in reality, state and local officials continue to exercise primary authority over the nation’s schools (McGuinn, 2010). Moreover, the RTT grant program did not enhance the federal government’s already limited administrative capacity with which to oversee grantees.

States and localities also may be tempted to use RTT grant funds to plug holes in their existing budgets, rather than follow through with planned investments in new projects and initiatives. This has already occurred with other ARRA funding streams (e.g., Nelsestuen & Roccograndi, 2011). Lukewarm enthusiasm for reforms and a redirection of grant funds to other purposes both have the potential for watering down the RTT program’s
long-term effects. A related concern is the extent to which the RTT program is built on an “adequate administrative foundation” (McGuinn, 2010, p. 6). RTT’s implementation relies on complex partnerships with states and districts. NCLB’s implementation shed light on the fact that many states were poorly equipped to support local educators in implementing change and lacked the tools necessary to monitor local compliance with federal requirements (Manna, 2006). Although RTT prioritizes investments in reforms intended to strengthen state education agencies’ capacity to support systemic educational change, it is unclear whether these initiatives will go far enough to shore up this foundation.

Finally, looking forward, there are serious questions regarding states’ abilities to sustain the reforms they initiate with RTT funding. It appears that states plan to spend much of their RTT funding on discrete, short-term projects to build state and local capacity. RTT grantees will make sizable investments in developing and implementing new standards and assessments, longitudinal data systems, teacher evaluation systems and professional development, and turning around struggling schools. But if RTT succeeds, states and localities will be left with a new education program and infrastructure that will require an ongoing maintenance of effort on their parts. State reliance on external contractors to do much of the work also raises questions about their ability to sustain reforms over the long haul. To the extent that external contractors assist states with building new infrastructure (e.g., establishing new standards and assessments), their loss at the end of the grant period may have few negative effects. However, if states rely on external contractors or short-term contracts with new state personnel to build programs and policies that require a maintenance of effort after the grant period ends, states could be left with a gap in capacity that makes it difficult to sustain reforms post-RTT funding. Regardless, to sustain reforms after RTT grant funds expire, funds from other sources may need to be re-allocated or re-purposed, and there is a very real possibility that additional funding may be required. This comes at a time when, at least for the foreseeable future, state and local budgets will be significantly constrained.

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Notes

1. It is important to note that the use of competitive grants to distribute federal funds for education is not new. However, historically, the amount allocated has been relatively small. RTT’s (Race to the Top) US$4.35 billion appropriation stands out as the largest amount of funds awarded for education through a competitive grant program to date.

2. State MOUs (Memorandum of Understanding) with LEAs (local education agency) are more or less prescriptive with regard to LEA commitments to use RTT grant funds to support state reform plans. Given that at least 50% of federal RTT funds will be passed through to LEAs as subgrants, further analysis of the MOUs and the requirements they place on LEAs is an important next step in our research.

3. It is important to note that other states also included funding for charter schools in their applications. However, in these cases, the funding was embedded in project-level budgets, not as standalone line items. As a result, it was difficult to determine the share allocated to charter schools.

4. Funding for these state-level initiatives, however, is embedded in larger state project budgets and is not clearly identified in summary documents as funding that will go to LEAs.

References


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