

Estimating the Impact of the American Jobs Act

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American Jobs Act Proposal

On September 12, President Obama submitted the “American Jobs Act of 2011” (AJA) to the U.S. Congress. The AJA contains \$450 billion in tax cuts and spending programs designed to spur employment. One section of the bill (Subtitle B) is specifically designed to allow states to retain, rehire or hire early learning, primary or secondary school teachers. This section of the proposal, entitled “Teacher Stabilization”, would provide \$30 billion to states. Here are some of the details of the proposal:

- One half of one percent (\$150,000,000) would be reserved for schools run by the Bureau of Indian Education.
- One half of one percent (\$150,000,000) would be reserved for outlying areas (Guam, Northern Mariana Islands and others).
- \$2 million would be retained by the U.S. Department of Education (USDOE) for administrative purposes.
- The remaining funding (\$29,698,000,000) would be distributed to states based on their relative total population.

State Distribution & Responsibilities

- The state’s governor must submit an application within 30 days to the USDOE to receive funds.
- If the governor does not submit an application, the Chief State School Officer may do so on the state’s behalf.
- 10% of a state’s funding may be retained for early learning programs.
- 2% may be retained by the state for administrative costs.
- States are required to distribute the remaining funding to Local Education Agencies (LEAs).
- States are required to obligate their funding from this program by September 30, 2013. This means that LEAs could use this funding for the 2011-12, 2012-13 or 2013-14 school years.
- LEAs can use this funding “... to retain existing employees, rehire former employees, or hire new employees to provide early, elementary, or secondary educational and related services and excludes the use of funds for general administrative expenses.”
- States cannot use these funds to replenish rainy day funds or to reduce or retire debt.

Maintenance of Effort

To receive these funds, a state is required to provide an assurance to the U.S. Secretary of Education that for fiscal years 2011-12 and 2012-13 the state will maintain funding levels for early childhood, elementary and secondary education and public institutions of higher education at the same level of support or higher as the previous fiscal year. The U.S. Secretary of Education has the right to waive this provision if a state can show exceptional or uncontrollable circumstances or if there is a precipitous decline in the financial resources of the state.

Determining Job Creation

ECS estimates that just over **356,000** K-12 teaching positions would be saved or created by this proposal, along with approximately **40,500** early learning positions ([please see Appendix I for a state-by-state breakdown](#)). Estimates are based on the following:

- U.S. Census Bureau information from 2010 (to determine funding distributions to states)
- An assumption that each state would retain 2% of the total funding amount for administrative costs, the maximum allowed, prior to making distributions to school districts
- An assumption that each state would retain 10% of the total funding amount for early learning programs, the maximum allowed, prior to making distributions to school districts
- An assumption that all K-12 positions created or saved would be teaching positions. Teaching salaries tend to be higher than other salaries within K-12 school districts. Thus, if districts opted to use these funds to hire or retain non-teaching positions, larger job growth could be generated
- An assumption that early learning teachers would receive the same rate of pay and primary and secondary teachers
- The most current state-by-state average teacher salary data from the National Education Association¹
- State-by-state benefit expenditure figures from the National Center for Educational Statistics²

Note:

- ECS was unable to include estimates for Puerto Rico or the outlying areas due to a lack of data. If additional data becomes accessible, this paper will be updated.

There is no guarantee this proposal will become law, and even if it becomes a law, it could undergo major changes in both its level of funding and the allowed use of funds. ECS will update this estimate to reflect any major changes to the proposal.

PLEASE SEE ATTACHED PAGES FOR A STATE-BY-STATE BREAKDOWN

ECS members can access the full data set used to make this estimate by contacting Michael Griffith at ECS (mgriffith@ecs.org)

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Equipping Education Leaders, Advancing Ideas

¹ *Rankings & Estimates: Ranking of States 2009 & Estimates of Statistics 2010*, National Education Association, page 19, 2009.

² *Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2007–08*, National Center for Education Statistics, United States Department of Education, 2010.

Appendix I

Estimates for the American Jobs Act

	Projected Total Funding Distributed to States	Estimated Number of K-12 Positions Created/Saved	Estimated Number of Early Learning Positions Created/Saved
Alabama	\$454,277,201	5,935	674
Alaska	\$67,502,002	664	75
Arizona	\$607,512,128	9,096	1,034
Arkansas	\$277,135,613	4,058	461
California	\$3,540,702,425	33,919	3,854
Colorado	\$477,986,458	6,333	720
Connecticut	\$339,690,472	3,308	376
Delaware	\$85,341,731	896	102
District of Columbia	\$57,189,150	658	75
Florida	\$1,786,920,130	26,041	2,959
Georgia	\$920,737,021	11,159	1,268
Hawaii	\$129,286,164	1,534	174
Idaho	\$148,986,631	2,092	238
Illinois	\$1,219,453,038	12,903	1,466
Indiana	\$616,235,588	7,975	906
Iowa	\$289,533,599	3,868	440
Kansas	\$271,166,955	4,074	463
Kentucky	\$412,423,509	5,562	632
Louisiana	\$430,862,194	5,714	649
Maine	\$126,250,512	1,672	190
Maryland	\$548,731,779	5,429	617
Massachusetts	\$622,301,854	5,318	604
Michigan	\$939,364,080	9,676	1,100
Minnesota	\$504,097,340	6,363	723
Mississippi	\$282,018,792	4,068	462

	Projected Total Funding Distributed to States	Estimated Number of K-12 Positions Created/Saved	Estimated Number of Early Learning Positions Created/Saved
Missouri	\$569,201,519	8,600	977
Montana	\$94,036,298	1,371	156
Nebraska	\$173,579,687	2,422	275
Nevada	\$256,666,634	3,139	357
New Hampshire	\$125,120,364	1,505	171
New Jersey	\$835,602,007	7,367	837
New Mexico	\$195,709,150	2,822	321
New York	\$1,841,739,780	15,832	1,799
North Carolina	\$906,274,431	13,717	1,559
North Dakota	\$63,924,609	990	112
Ohio	\$1,096,456,110	12,597	1,431
Oklahoma	\$356,537,104	5,030	572
Oregon	\$364,114,163	3,868	440
Pennsylvania	\$1,207,263,576	12,857	1,461
Rhode Island	\$100,038,410	1,012	115
South Carolina	\$439,605,328	6,066	689
South Dakota	\$77,381,556	1,514	172
Tennessee	\$603,148,545	8,815	1,002
Texas	\$2,389,892,467	37,762	4,291
Utah	\$262,686,044	3,513	399
Vermont	\$59,471,877	767	87
Virginia	\$760,435,887	9,579	1,088
Washington	\$639,115,886	8,030	912
West Virginia	\$176,112,850	2,218	252
Wisconsin	\$540,504,346	6,173	701
Wyoming	\$53,568,323	621	71
Puerto Rico	\$354,107,632	NA	NA
Total	\$29,689,000,000	356,501	40,511