

American Recovery and Reinvestment Act of 2009



**Three Stimulus Funding Sources
For Schools**



American Recovery and Reinvestment Act of 2009 – Three Funding Sources for Schools

- I. Funds flowing through established federal formulas, Title I, IDEA, Title II, McKinney Vento Homeless Act, Impact Aid
- II. Funds flowing through the State Stabilization Fund, controlled by the governors and existing state funding formulas
 - I. One exception is \$5 billion for competitive grant in school improvement through the Secretary of Education's "Race to the Top" funds
- III. Tax credit bonds for new construction and Qualified Zone Academy bonds for renovation and modernization



American Recovery and Reinvestment Act of 2009 – Funding Source # 1

Funding	Program
\$10 billion	Title I
\$3 billion	School Improvement Grants
\$11.3 billion	IDEA Part B
\$400 million	IDEA Section 619
\$500 million	IDEA Part C
\$650 million	Title II Part D: Educational Technology
\$250 million	State Development of Longitudinal Data
\$200 million	Teacher Incentive Fund
\$70 million	McKinney-Vento Homeless Act
\$100 million	Teacher Training (Higher Education Act, Title II)



American Recovery and Reinvestment Act of 2009 Funding Source # 1

How will Title I Part A Stimulus Funds be Awarded?

50% of each state's Title I Part A recovery funds will be awarded to SEAs by the end of March 2009, under each state's existing ESEA Consolidated State Application

To receive the remaining 50% states will have to submit amendments to their Consolidated Applications

The Title I, Part A ARRA awards will be in addition to the regular FY2009 Title I, Part A grant awards that the Department plans to make on July 1 and September 30, 2009

In the absence of a waiver, an LEA must obligate at least 85% of its total FY 2009 Title I, Part A funds (including ARRA funds) by September 30, 2010. Any remaining FY 2009 Title I, Part A funds will be available for obligation until Sept. 30, 2011.

Source: <http://www.ed.gov/policy/gen/leg/recovery/index.html>



American Recovery and Reinvestment Act of 2009 Funding Source # 1

How will IDEA Part B Grants Awarded?

50% of the IDEA Part B Grants to States and Preschool Grants will be awarded to SEAs by the end of March 2009. The remaining 50% will be awarded by Sept. 30, 2009 – the funds are FY 2009 appropriations, in addition to the regular FY09 Part B grants.

States DO NOT need to submit a new application to receive the first 50% of the Part B grants.

States DO need to submit an amendment to their FY09 applications to receive the remaining 50% of Part B recovery funds.



American Recovery and Reinvestment Act of 2009 – Funding Source # 2

\$53.6 billion	
\$39.5 billion	States to fund cuts to K-12 and higher education
\$5 billion	Competitive grants awarded to states
\$8.8 billion	States can spend anywhere in their budgets

- The \$39.5 billion can be used for any purpose in ESEA or school modernization.
- The competitive grants are awarded by the Secretary based on performance in 3 areas: distribution of teachers, creation of longitudinal data systems and development of assessments for special education and ELL. It includes \$650 million for innovation grants and “Race to the Top” funds.
- States can use the \$8.8 billion anywhere in their state budget, including education & school construction.
- ESEA rules do not govern these funds. State law does.

Source: <http://www.ed.gov/policy/gen/leg/recovery/index.html>



American Recovery and Reinvestment Act of 2009 Funding Source # 2

How Will State Fiscal Stabilization Funds Be Awarded?

Sixty-one percent of a state's allocations will be on the basis of their relative population of individuals aged 5 – 24, and 39 percent will be based on relative shares of total population. The Department will award SFSF funds to governors in two phases. To receive its initial SFSF allocation, a state must submit to the Department an application that provides (1) assurances that the state is committed to advancing education reform in four specific areas (described below); (2) baseline data that demonstrates the state's current status in each of the four education reform areas; and (3) a description of how the state intends to use its stabilization allocation.

As part of its application for initial funding, the state must assure that it will take actions to:

1. Increase teacher effectiveness and address inequities in the distribution of highly qualified teachers;
2. Establish and use pre-K-through-college and career data systems to track progress and foster continuous improvement;
3. Make progress toward rigorous college – and career – ready standards and high-quality assessments; and
4. Support targeted, intensive support and effective interventions to turn around schools identified for corrective action and restructuring.

Within two weeks of receipt of an approvable SFSF application, the Department will provide a state with 67 percent of its SFSF allocation.

A state will receive the remaining portion of its SFSF allocation after the Department approves the state's plan detailing its strategies for addressing the education reform objectives described in the assurances. This plan must also describe how the state is implementing the record-keeping and reporting requirements under ARRA and how SFSF and other funding will be used in a fiscally prudent way that substantially improves teaching and learning. In the near future, the Department will issue guidance on the specific requirements that a state must meet to receive its phase two allocation. The Department anticipates that the phase – two funds will be awarded beginning July 1, 2009, on a rolling basis.

Source: <http://www.ed.gov/policy/gen/leg/recovery/index.html>



American Recovery and Reinvestment Act of 2009 Funding Source # 2

How Will State Fiscal Stabilization Funds Be Awarded?

If a state demonstrates that the amount of funds it will receive in phase one (67 percent of its total stabilization allocation) is sufficient to prevent the immediate layoff of personnel by LEA's, state educational agencies, or publicly funded institutions of higher education, **the Department will award the state up to 90 percent of its SFSF allocation in phase one.** In such cases, the remaining portion of the state's allocation will be provided after the Department approves the state's plan.

Of the amount appropriated for the SFSF, the Department will use at least \$4.35 billion to make competitive grants under the "Race to the Top" fund. These grants will help states to drive significant improvement in student achievement, including through making progress toward the four assurances noted above.

The Department will use up to \$650 million to make competitive awards under the "Invest in What Works and Innovation" fund. These awards will reward LEAs or nonprofit organizations that have made significant gains in closing achievement gaps to serve as models for best practices.

Source: <http://www.ed.gov/policy/gen/leg/recovery/index.html>



American Recovery and Reinvestment Act of 2009 – Funding Source # 3

\$24.8 billion	QZABs and Bonds for New Construction
\$22 billion	Tax Credit Bonds
\$2.8 billion	QZAB

- Under the school modernization funds, the 100 largest, poorest school districts are guaranteed part of 40% of their state's bond allocation
 - Up to an additional 25 school districts may receive priority status from the Secretary
- Separate direct funding for school modernization was cut from the final deal and added as an allowable use in the state fund.

Source: <http://www.ed.gov/policy/gen/leg/recovery/index.html>

AASA Webinar Top Ten Stimulus Questions

1. Can we supplant Title I and IDEA funds? No, there will be no ability to supplant.
2. What happens to Title I and IDEA funds in 2011? No guarantees; view the archive for [details](#).
3. Can we reduce local effort on IDEA? By 50% of federal increase; see [details](#).
4. Will IDEA cover equipment and renovations? Yes, but it requires a waiver: see [details](#).
5. Can we supplant with State Fiscal Stabilization Funds (SFSF)? Yes.
6. Can governors move SFSF around? Yes, but must spend 81.8% on K-12 or higher education.
7. Must I set aside 20% of Title I for public school choice? Yes, statute and regulations apply.
8. Can funds hire staff? YES, but don't supplant; remember your obligation continues after funds end.
9. Is there money for equipment in the national school lunch program? YES, \$100 million!
10. When will "Race to the Top" funds be available? Awards to states will be made in 10/09.