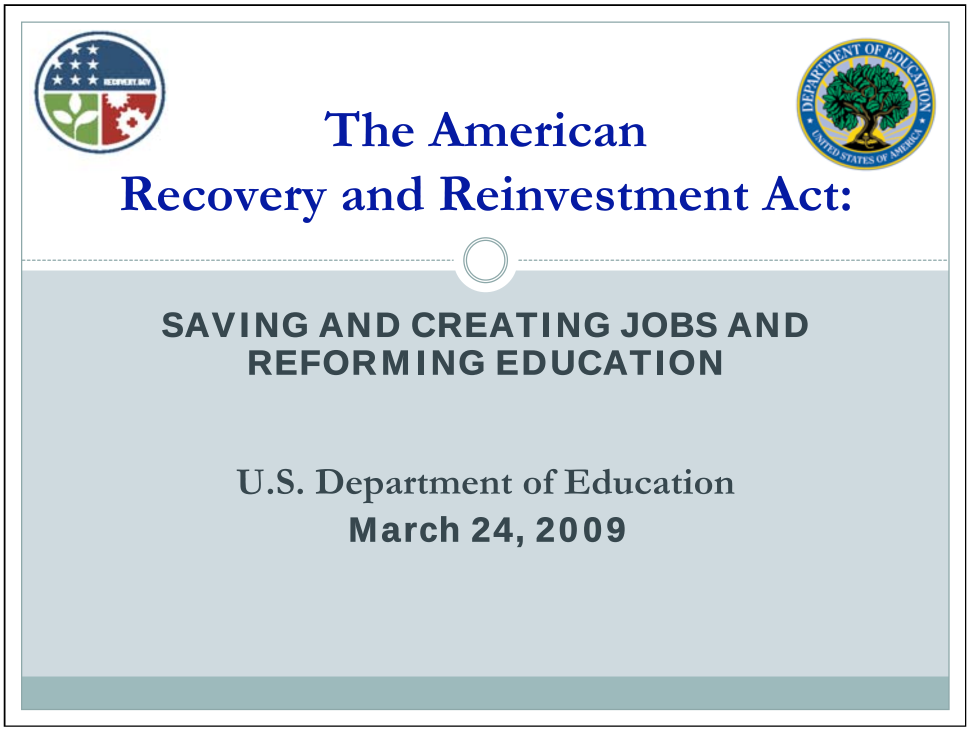

The American Recovery and Reinvestment Act:

Saving and Creating Jobs and Reforming Education

U.S. Department of Education

Saving and Creating Jobs and Reforming Education

"In a global economy where the most valuable skill you can sell is your knowledge, a good education is no longer just a pathway to opportunity - it is a pre-requisite. The countries that out-teach us today will out-compete us tomorrow."

- President Barack Obama, 2/24/09

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- President Barack Obama, 2/24/09

Historic, One-time Investment

•Over $100 billion education investment

•Historic opportunity to stimulate economy and improve education

•Success depends on leadership, judgment, coordination, and communication

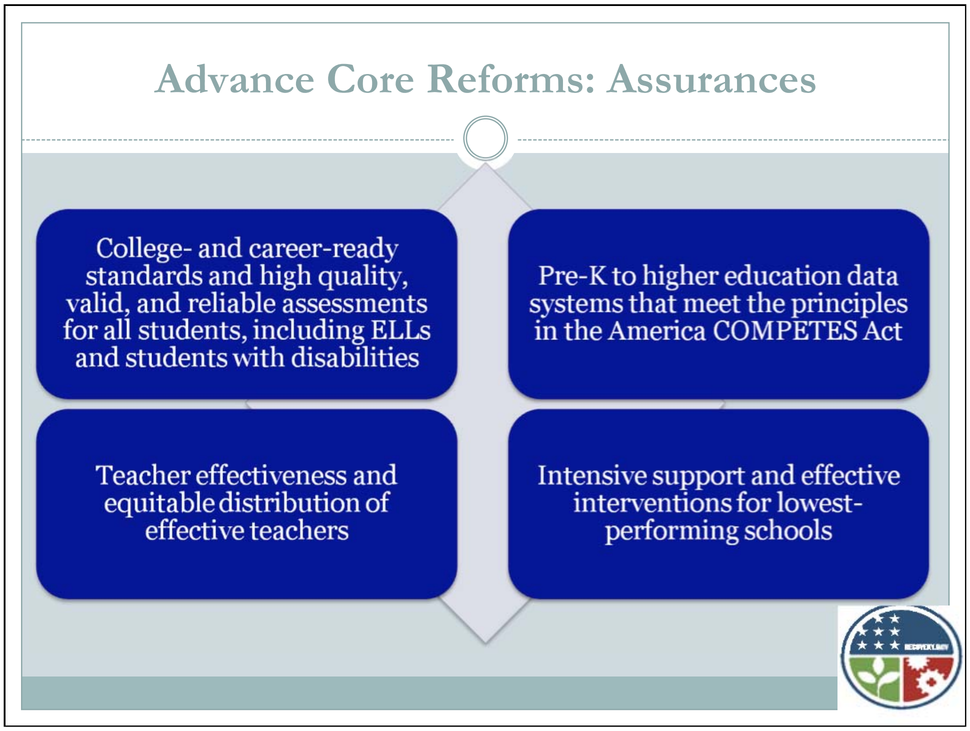
The success of the education part of the ARRA will depend on the shared commitment and responsibility of students, parents, teachers, principals, superintendents, education boards, college presidents, State school chiefs, governors, local officials, and federal officials. Collectively, we must advance ARRA's short-term economic goals by investing quickly, and we must support ARRA's long-term economic goals by investing wisely, using these funds to strengthen education, drive reforms, and improve results for students from pre-kindergarten through college.

Guiding Principles

The overall goals to stimulate the economy in the short-term and invest wisely, using these funds to improve schools, raise achievement, drive reforms and produce better results for children and young people for the long-term health of our nation.

Four principles guide the distribution and use of ARRA funds:

- **Spend funds quickly to save and create jobs.** *ARRA* funds will be distributed quickly to States, local educational agencies and other entities in order to avert layoffs, create and save jobs and improve student achievement. States and LEAs in turn are urged to move rapidly to develop plans for using funds, consistent with the law's reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery.
- **Ensure transparency, reporting and accountability.** To prevent fraud and abuse, support the most effective uses of *ARRA* funds, and accurately measure and track results, recipients must publicly report on how funds are used. Due to the unprecedented scope and importance of this investment, *ARRA* funds are subject to additional and more rigorous reporting requirements than normally apply to grant recipients.
- **Invest one-time *ARRA* funds thoughtfully to minimize the "funding cliff."** *ARRA* represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.
- **Improve student achievement through school improvement and reform.** To close the achievement gap and help students from all backgrounds achieve high standards.



Advance Core Reforms: Assurances

States must address four specific areas identified in ARRA that evidence shows make a critical contribution to student results:

•Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;

•Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;

•Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;

•Providing intensive support and effective interventions for the lowest-performing schools.

$44 Billion Becomes Available to States by the End of March

- State Stabilization - $32.5 billion (67%)
- IDEA, Parts B & C - $6.1 billion (50%)
- Title I, Part A - $5 billion (50%)
- Vocational Rehabilitation - $270 million (50%)
- Homeless youth - $70 million (100%)
- Independent Living - $52.5 million (100% of formula monies; $87.5 million in competitive grants to follow)
- Impact Aid - $40 million (100% of formula monies; $60 million in competitive grants to follow)

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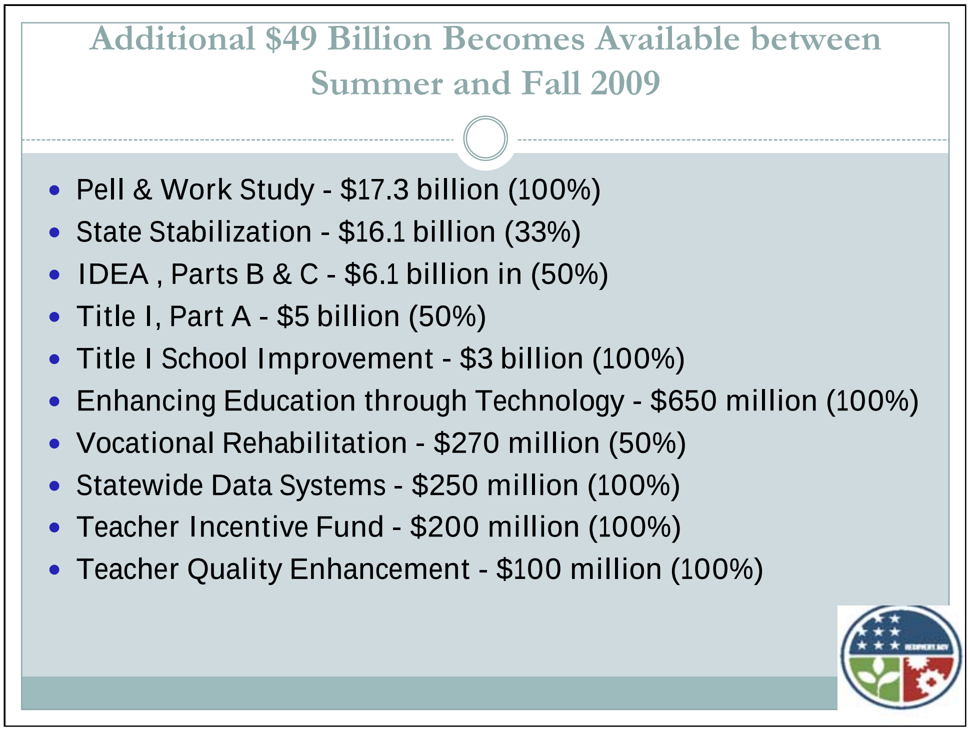


Additional $49 Billion Becomes Available between Summer and Fall 2009

•Pell & Work Study - $17.3 billion (100%)

•State Stabilization - $16.1 billion (33%)

•IDEA , Parts B & C - $6.1 billion in (50%)

•Title I, Part A - $5 billion (50%)

•Title I School Improvement - $3 billion (100%)

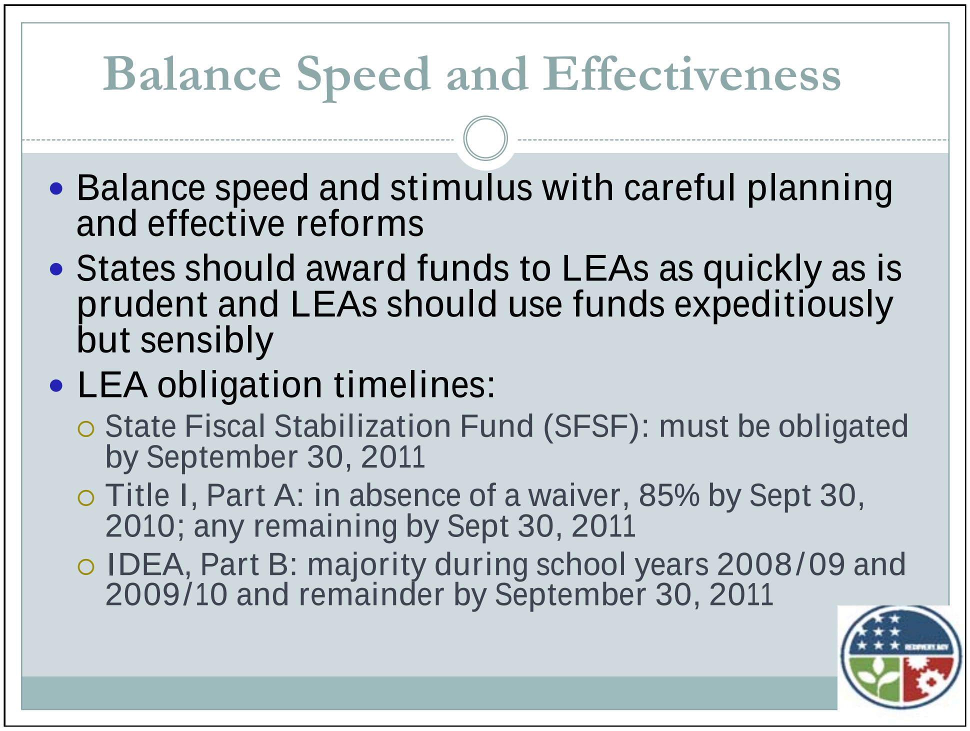
•Enhancing Education through Technology - $650 million (100%)

•Vocational Rehabilitation - $270 million (50%)

•Statewide Data Systems - $250 million (100%)

•Teacher Incentive Fund - $200 million (100%)

•Teacher Quality Enhancement - $100 million (100%)



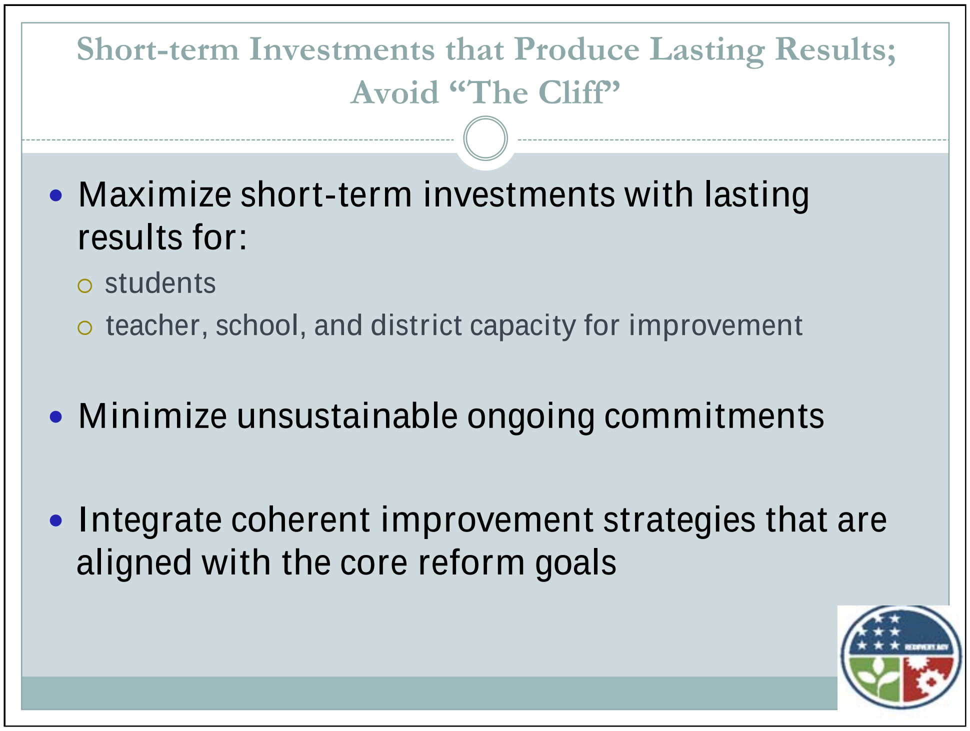
Balance Speed and Effectiveness

•Balance speed and stimulus with careful planning and effective reforms

•States should award funds to LEAs as quickly as is prudent and LEAs should use funds expeditiously but sensibly

•LEA obligation timelines:

> •SFSF - the Department strongly encourages governors to award or otherwise commit program funds as soon as possible after receipt of their grant awards. However, funds are available for obligation at the State and local levels until Sept. 30, 2011.
>
> •Title I - the Department encourages States to award Title I, Part A recovery funds to their LEAs as quickly as possible, consistent with prudent management, so that LEAs can begin using the funds. Similarly, an LEA should use its Title I, Part A recovery funds expeditiously but sensibly. Note that, in the absence of a waiver, an LEA must obligate at least 85 percent of its total FY 2009 Title I, Part A funds (including *ARRA* funds) by Sept. 30, 2010. Any remaining FY 2009 Title I, Part A funds will be available for obligation until Sept. 30, 2011.
>
> •Similarly, an LEA should use the IDEA recovery funds expeditiously. A State should make the Part B Grants to States and Preschool Grants recovery funds that it receives in March available to LEAs by the end of April 2009. Similarly, an LEA should use the *IDEA* recovery funds expeditiously. An LEA should obligate the majority of these funds during school years 2008–09 and 2009–10 and the remainder during school year 2010–11. States may begin obligating *IDEA*, Part B recovery funds immediately upon the effective date of the grant. All *IDEA* recovery funds must be obligated by Sept. 30, 2011.



Short-term Investments that Produce Lasting Results; Avoid "The Cliff"

•Maximize short-term investments with lasting results for:

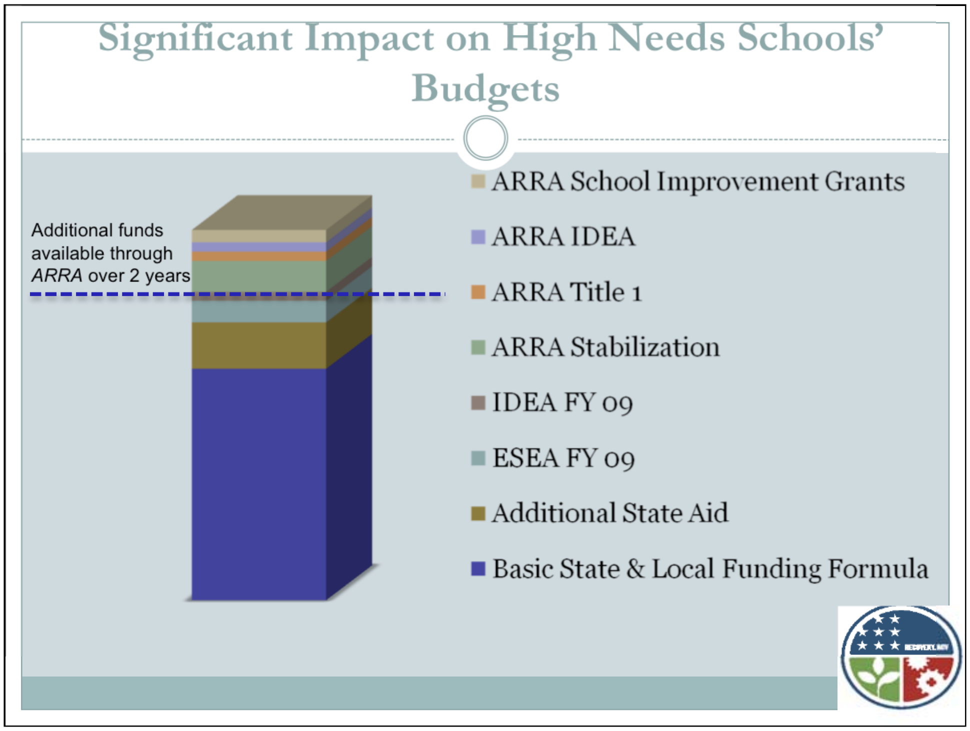
  •students

  •teacher, school, and district capacity for improvement

•Minimize unsustainable ongoing commitments

•Integrate coherent improvement strategies that are aligned with the core reform goals

ARRA represents an historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. To the maximum extent possible, these funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.



Significant Impact on High Needs Schools' Budgets
ARRA funds provide significant additional funds to LEA FY 09 budgets
•This chart shows estimated amounts of funding for a high needs schools' budgets. ARRA represents a potentially substantial supplement to FY 09 budgets though ARRA School Improvement Grants, ARRA IDEA, ARRA Title I, and ARRA Stabilization

ARRA Funds Available for School and College Facilities Over the Next Two Years

- SFSF for Education
  - LEAs have discretion to use for construction, modernization, renovation, and repair under ESEA Impact Aid authority
  - Governor has discretion to make available for IHEs for modernization, renovation, and repair
- SFSF for Government Services
  - Governor has discretion to make available
- Impact Aid
- Qualified School Construction Bonds
- Qualified Zone Academy Bonds
- Consider facilities for early childhood education and the community and should create "green" buildings

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• SFSF for Government Services

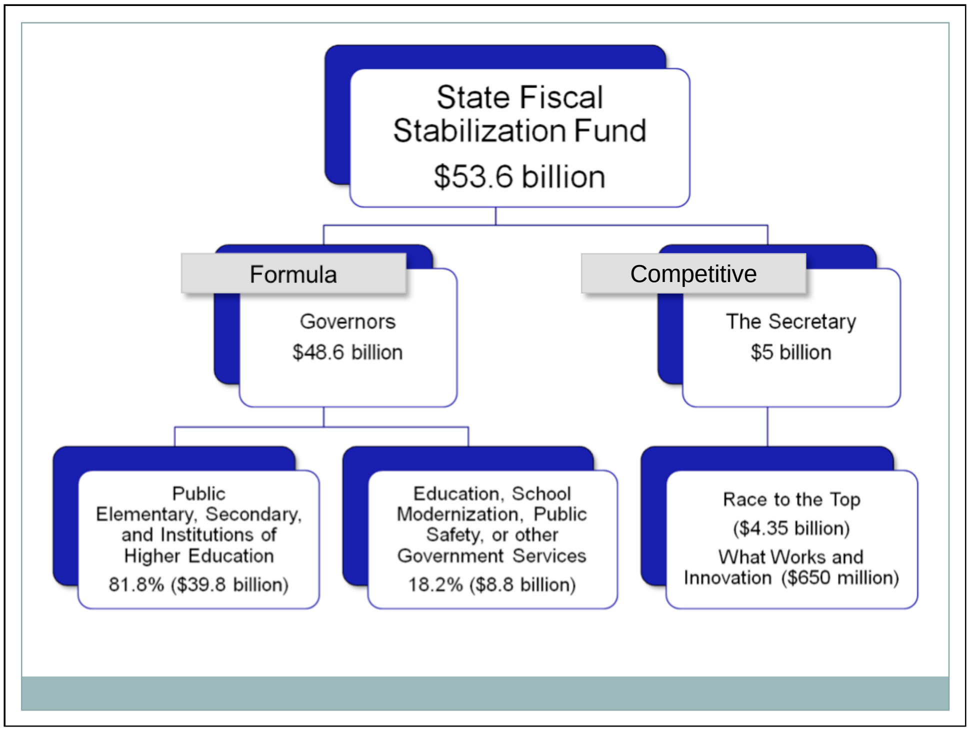
•Governor has discretion to make available

•Impact Aid - $100 million

•Qualified School Construction Bonds – $22B – $11B per year for 2 years – tax credits for construction bonds

•Qualified Zone Academy Bonds – $2.8B – $1.4B per year for 2 years – can be used for school renovations and repairs as well as other improvements (any use except new construction)

•Consider facilities for early childhood education and the community and should create "green" buildings

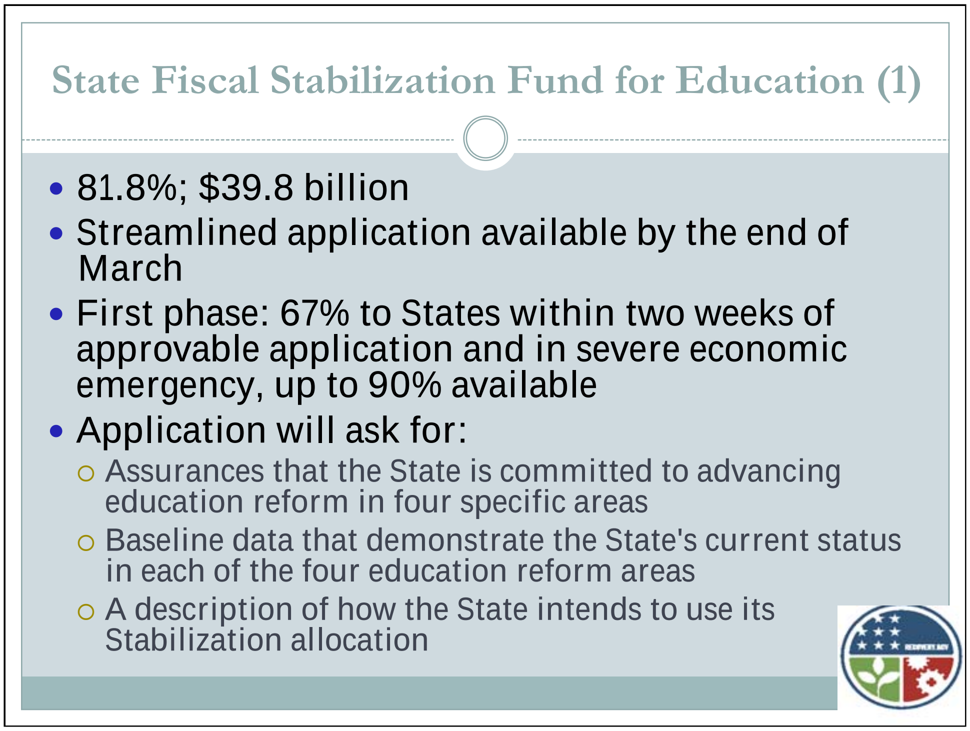


The State Fiscal Stabilization Fund (SFSF) program

•Is a new one-time appropriation of $53.6 billion under the *American Recovery and Reinvestment Act of 2009* (*ARRA*). Of the amount appropriated, the U. S. Department of Education will award governors approximately $48.6 billion by formula under the SFSF program in exchange for a commitment to advance essential education reforms to benefit students from early learning through post-secondary education.

•These funds will help stabilize State and local government budgets in order to minimize and avoid reductions in education and other essential public services. The program will help ensure that local educational agencies (LEAs) and publicly funded institutions of higher education (IHEs) have the resources to avert cuts and retain teachers and professors. The program may also help support the modernization, renovation, and repair of school and college facilities. In addition, the law provides governors with significant resources to support education (including school modernization renovation, and repair), public safety, and other government services.

•The Department will award the remaining $5 billion competitively under the “Race to the Top” and “Investing in What Works and Innovation” programs.



State Fiscal Stabilization Fund for Education (1)

•81.8%; $39.8 billion

•In order to help alleviate the substantial budget shortfalls that States are facing, the Department has developed a streamlined, user-friendly process for expeditiously providing to States SFSF allocations:

> •Sixty-one percent of a State's allocations will be on the basis of their relative population of individuals aged 5 to 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; (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.

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

•If a State demonstrates that the amount of funds it will receive in phase one (67 percent of its total stabilization allocation) is insufficient to prevent the immediate layoff of personnel by LEAs, 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.

State Fiscal Stabilization Fund for Education (2)

- Second phase: 33%
- Application will ask for:
  - The State's plan detailing its strategies for addressing the education reform objectives described in the assurances
  - A description of how the State is implementing the record-keeping and reporting requirements of ARRA
  - A description of how SFSF and other funding will be used in a fiscally prudent way that substantially improves teaching and learning

State Fiscal Stabilization Fund for Education (2)

•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.

State Fiscal Stabilization Fund for Education: Uses of Funds

- Education funds for elementary and secondary must run through State's primary funding formulae
- LEAs may use funds for any activity authorized under ESEA, IDEA, Adult Ed, or Perkins, including modernization of school facilities and salaries to avoid teacher layoffs
- LEAs encouraged to use funds for activities that advance progress on the assurances and drive lasting results without unsustainable recurring costs

State Fiscal Stabilization Fund for Education: Uses of Funds

•States must use 81.8 percent of SFSF funds for the support of public elementary, secondary, and higher education, and, as applicable, early childhood education programs and services.

•States must use their allocations to help restore for FY 2009, 2010, and 2011 support for public elementary, secondary, and postsecondary education to the greater of the FY 2008 or FY 2009 level. The funds needed to restore support for elementary and secondary education must be run through the State's primary elementary and secondary education funding formulae. The funds for higher education must go to IHEs.

•If any SFSF funds remain after the State has restored State support for elementary and secondary education and higher education, the State must award the funds to LEAs on the basis of the relative Title I shares but not subject to Title I program requirements.

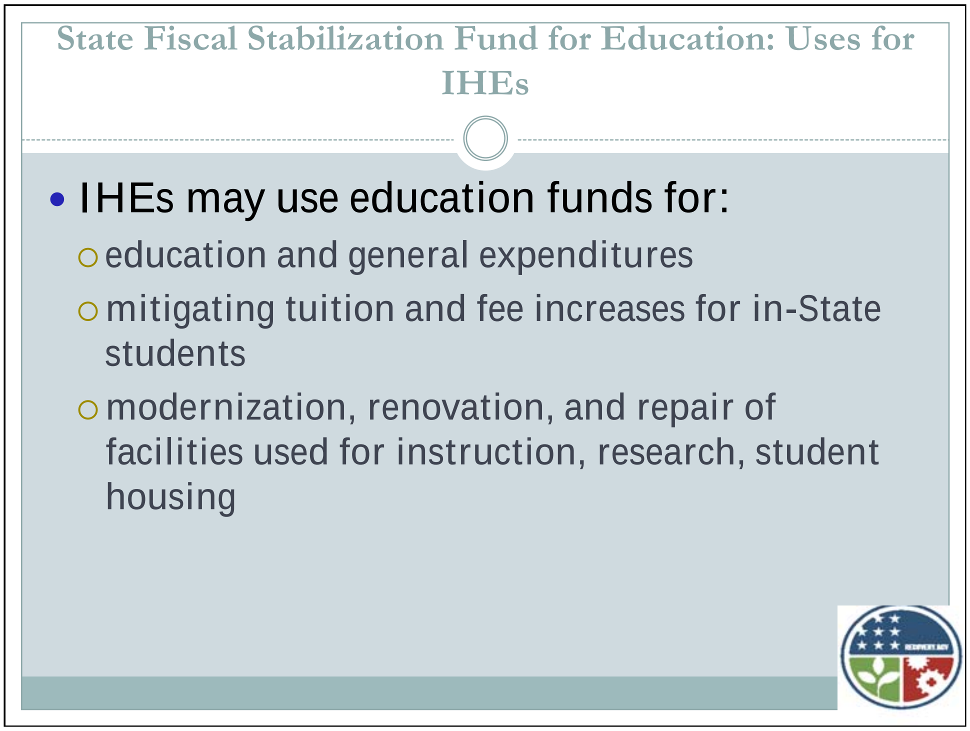
•Subject to limited restrictions in *ARRA* as defined in further guidance LEAs may use their share of 81.8% of the SFSF education funds for any activity authorized under the *Elementary and Secondary Education Act of 1965* (*ESEA*) (which includes the modernization, renovation, or repair of public school facilities), the *Individuals with Disabilities Education Act* (*IDEA*), the *Adult Education and Family Literacy Act* (*Adult Education Act*), or the *Carl D. Perkins Career and Technical Education Act of 2006* (*Perkins Act*).

•LEAs and IHEs should use funds consistent with the intent and overall goals of *ARRA*: to create and save jobs and to advance the education reforms set forth in the assurances section so as to produce lasting results for students from early learning to college. LEAs and IHEs are also encouraged to consider uses of funds that create lasting results without creating unsustainable recurring costs.

•Any funds that an LEA receives from the 81.8 percent of the SFSF program (whether distributed through the State's primary funding formulae or on the basis of the relative Title I, Part A) may be used for any activity listed in the above paragraph.

•LEAs may use SFSF to pay salaries to avoid having to lay off teachers and other school employees.

•To the extent LEAs use funds for modernization, renovation or repair, they should consider the use of facilities for early childhood education and for the community and should create "green" buildings.



State Fiscal Stabilization Fund for Education: Uses for IHEs

•Subject to limited restrictions in *ARRA*, IHEs may use program funds for:

(1)education and general expenditures,

(2)and in such a way as to mitigate the need to raise tuition and fees for in-State students; or

(3)the modernization, renovation, or repair of IHE facilities that are primarily used for instruction, research, or student housing. IHEs may not use funds to increase their endowments**.**

State Fiscal Stabilization Fund for Government Services

- 18.2%; $8.8 billion
- States may use for education, public safety and other government services
- May include modernization, renovation, and repair of public schools and public and private college facilities

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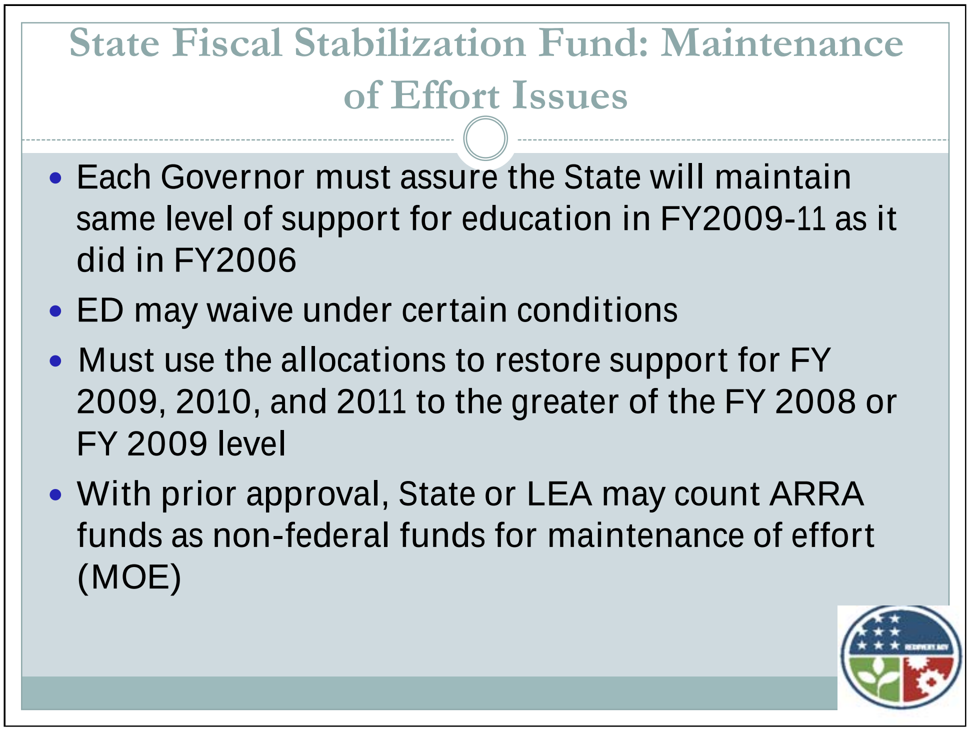


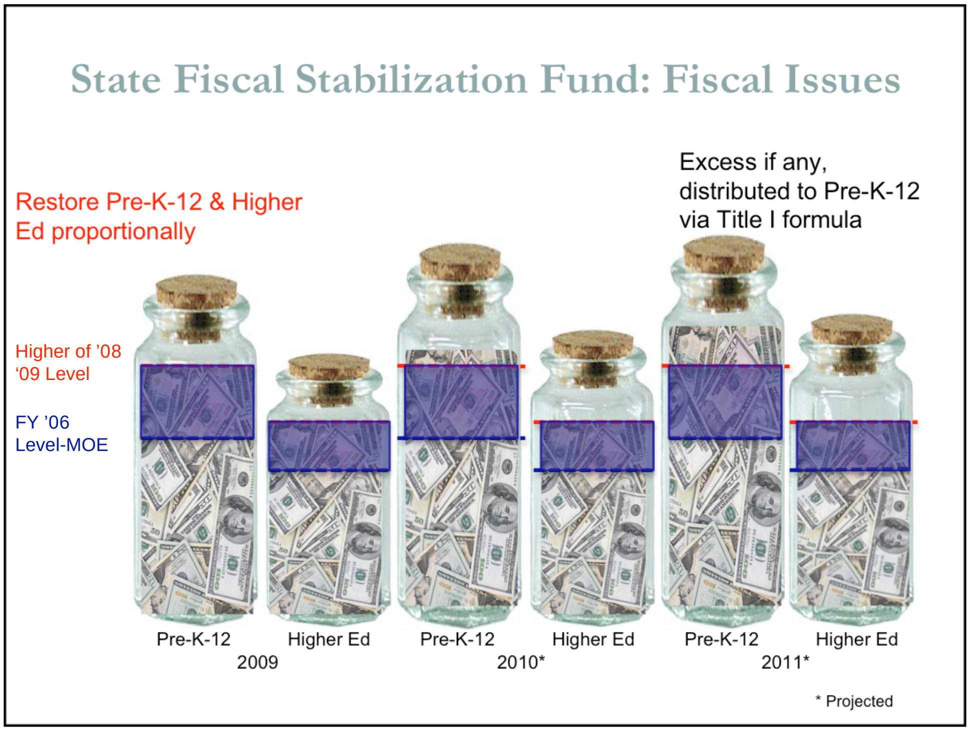
State Fiscal Stabilization Fund: Maintenance of Effort Issues

•States must use their allocations to help restore for FY 2009, 2010, and 2011 support for public elementary, secondary, and postsecondary education to the greater of the FY 2008 or FY 2009 level. The funds needed to restore support for elementary and secondary education must be run through the State's primary elementary and secondary education funding formulae.

•The Department strongly encourages Governors to award subgrants or otherwise commit program funds as soon as possible after receipt of their grant awards. However, funds are available for obligation at the State and local levels until September 30, 2011.

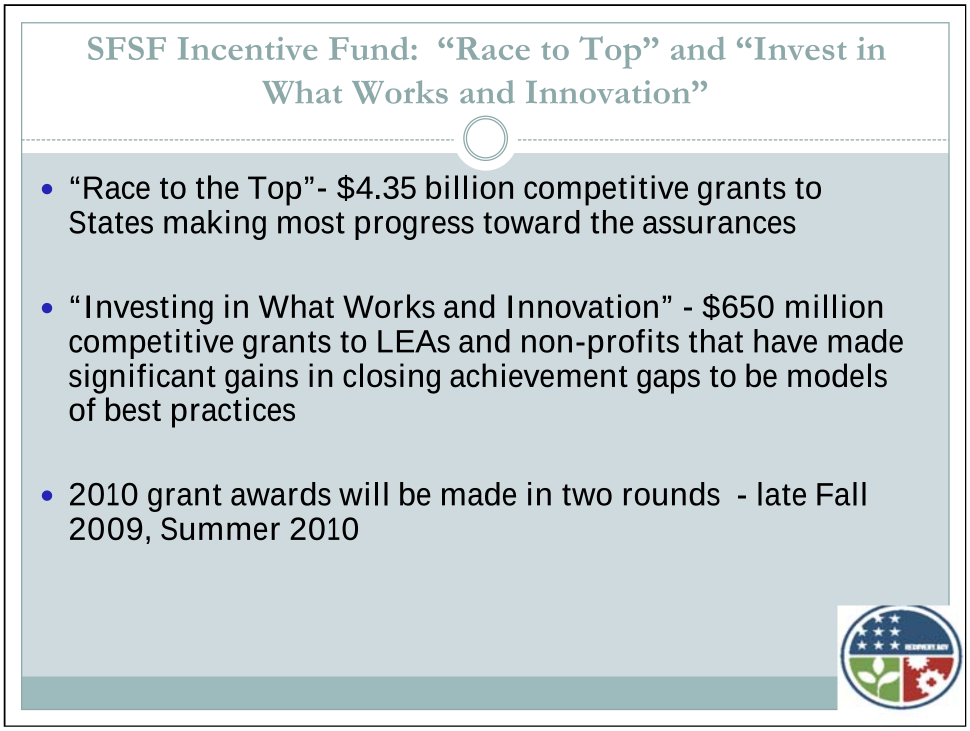
•As part of the State's application, each Governor must include an assurance that the State will maintain the same level of support for elementary, secondary, and postsecondary education in FYs 2009 through 2011 as it did in FY 2006. However, the statute authorizes the Department to waive this maintenance-of-effort requirement under certain conditions.

•With prior approval from the Secretary, a State or LEA may count program funds used for elementary or secondary education as non-federal funds to maintain fiscal effort under ED programs that have maintenance-of-effort requirements.



State Fiscal Stabilization Fund: Fiscal Issues

•This chart graphically represents how SFSF Education funds are allocated between Pre-K-12 and higher education. The bottles display budgets for 2009, 2010, and 2011 for Pre-K-12 and higher education in each of these years. The blue lines represent 2006 levels of spending. The red lines represent the higher level of spending for 2008 or 2009. States are to use funds proportionally to restore budgets to fund Pre-K-12 and higher education in each of these three years. The shaded areas represent the difference between 2006 and the higher of 2008 and 2009. If a state is able to fund in all three years both Pre-K-12 and Higher Education to their 2008 or 2009 level (whichever is higher) the remaining funds should be distributed to Pre-K-12 via the Title I formula.



SFSF Incentive Fund: "Race to Top" and "Invest in What Works and Innovation"

•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.

•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.

•2010 grant awards will be made in two rounds - late Fall 2009, Summer 2010

Title I, Part A – ARRA: Flow of Funds

- $10 billion under Title I, Part A on top of normal FY2009 allocation
- ED will release 50% before the end of March 2009 without the need for new applications
- Remaining 50% available upon approval of State plan amendment on recordkeeping and reporting requirements
- State must reserve 4% for school improvement, of which at least 95% must be allocated to LEAs

Title I, Part A – ARRA: Flow of Funds

•The Department plans to award 50 percent of each State's Title I, Part A recovery funds by the end of March 2009. These funds will be awarded under each State's existing approved *Elementary and Secondary Education Act of 1965* (*ESEA*) Consolidated State Application. No new or amended application will be required to receive this portion of the funds. However, in order to receive the remaining Title I, Part A recovery funds, a State must submit, for review and approval by the Department, an amendment to its Consolidated Application that addresses how it will meet the recordkeeping and reporting requirements of the *ARRA*.

•The Title I, Part A *ARRA* awards will be in addition to the regular FY 2009 Title I, Part A grant awards that the Department plans to make on July 1 and Oct. 1, 2009. Together, these four grant awards (i.e., the two phases of the Title I, Part A recovery funds, and the two phases of the regular FY 2009 Title I, Part A funds) will constitute a State's total FY 2009 Title I, Part A allocation.

•The fact that Title I, Part A recovery funds are FY 2009 funds does not preclude a State from awarding some or all of these funds to an LEA on the basis of existing, approved LEA applications.

•In accordance with the goals of the *ARRA*, the Department encourages States to award Title I, Part A recovery funds to their LEAs as quickly as possible, consistent with prudent management, so that LEAs can begin using the funds. Similarly, an LEA should use its Title I, Part A recovery funds expeditiously but sensibly. Note that, in the absence of a waiver, an LEA must obligate at least 85 percent of its total FY 2009 Title I, Part A funds (including *ARRA* funds) by Sept. 30, 2010. Any remaining FY 2009 Title I, Part A funds will be available for obligation until Sept. 30, 2011.

•A State must reserve 4 percent of its Title I, Part A recovery funds for school improvement activities under section 1003(a) of the *ESEA*. Of this 4 percent of funds, at least 95 percent must be allocated directly to LEAs for school improvement activities.

•Except as noted above concerning the 4 percent reservation, a State would need a waiver to reserve any portion of its Title I, Part A recovery funds for State administration, because section 1004(b) of the *ESEA* limits the amount that a State may reserve for the administration of Title I. As it did last year, the Department will provide a table showing the base each State should use in determining the amount it may reserve for State administration.

Title I, Part A – ARRA: Fiscal Issues and Waivers

- ED will consider requests for waivers for:
  - “Set-aside” requirements in Title I, Part A that apply to the use of funds by LEAs
  - Per-pupil amount for supplemental educational services
  - State may grant LEAs a waiver of carryover limitation
- ED may not waive supplement not supplant requirement but in cases of severe budget shortfalls LEAs may have avenues to demonstrate compliance
  - (http://www.ed.gov/programs/titleiparta/fiscalguid.pdf.)
- ED will consider requests to count SFSF funds as non-federal for purposes of MOE

Title I, Part A – ARRA: Fiscal Issues and Waivers

•The Secretary of Education will consider a request for a waiver with regard to the use of *ARRA* Title I funds:

•of one or more of the “set-aside” requirements in Title I, Part A that apply to the use of funds by LEAs;

•to calculate the per-pupil amount (PPA) for supplemental educational services (SES) based on an LEA’s FY 2009 Title I, Part A allocation without regard to some or all of the recovery funds;

•to allow a State to grant its LEAs a waiver of the carryover limitation in section 1127 of Title I, Part A more than once every three years; or of the Title I, Part A maintenance-of-effort requirement

•ED may not waive supplement not supplant requirement but in cases of severe budget shortfalls LEAs may have avenues to demonstrate compliance

•(http://www.ed.gov/programs/titleiparta/fiscalguid.pdf.)

•ED will consider requests to count SFSF funds as non-federal for purposes of MOE

Title I School Improvement Grants

- $3 billion to improve lowest performing schools – almost six-fold increase in funding
- Will be made available by Fall 2009
- States will give priority to LEAs that:
  - Serve the lowest-achieving schools
  - Demonstrate the greatest need for such funds
  - Demonstrate the strongest commitment to ensuring that such funds are used to enable the lowest-achieving schools to meet the progress goals in school improvement plans

Title I School Improvement Grants

•$3 billion to improve lowest performing schools

•Will be made available Fall 2009

•States will give priority to LEAs that:

•Serve the lowest-achieving schools

•Demonstrate the greatest need for such funds

•Demonstrate the strongest commitment to ensuring that such funds are used to enable the lowest-achieving schools to meet the progress goals in school improvement plans

Potential Uses of Title I Funds that Support Assurances and Avoid "The Cliff"

- Examples to consider:
  - Establish a system for identifying and training highly effective teachers to serve as instructional leaders in Title I schoolwide programs and modifying the school schedule to allow for collaboration among the instructional staff
  - Provide new opportunities for Title I schoolwide programs for secondary school students to use high-quality, online courseware as supplemental learning materials for meeting mathematics and science requirements
  - Develop and expand longitudinal data systems to drive continuous improvement efforts focused on increased achievement in Title I schools

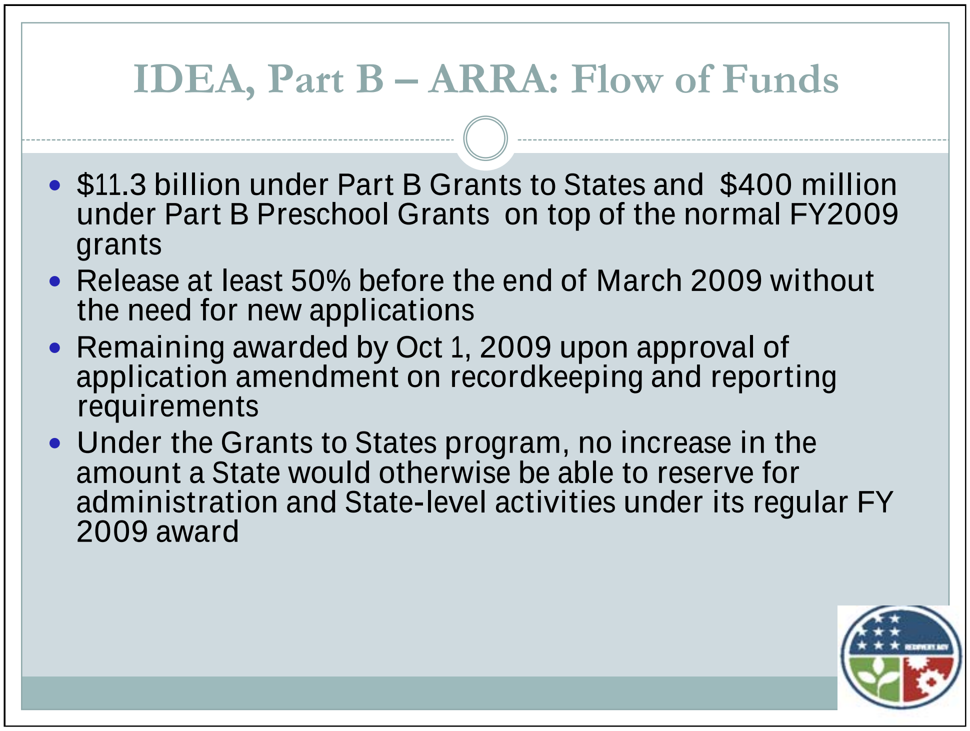
Potential Uses of Title I Funds that Support Assurances and Avoid "The Cliff"

Examples of potential uses of the Title I, Part A recovery funds that are allowable under Title I and consistent with ARRA principles:

•Establish a system for identifying and training highly effective teachers to serve as instructional leaders in Title I schoolwide programs and modifying the school schedule to allow for collaboration among the instructional staff

•Provide new opportunities for Title I schoolwide programs for secondary school students to use high-quality, online courseware as supplemental learning materials for meeting mathematics and science requirements

•Develop and expand longitudinal data systems to drive continuous improvement efforts focused on increased achievement in Title I schools



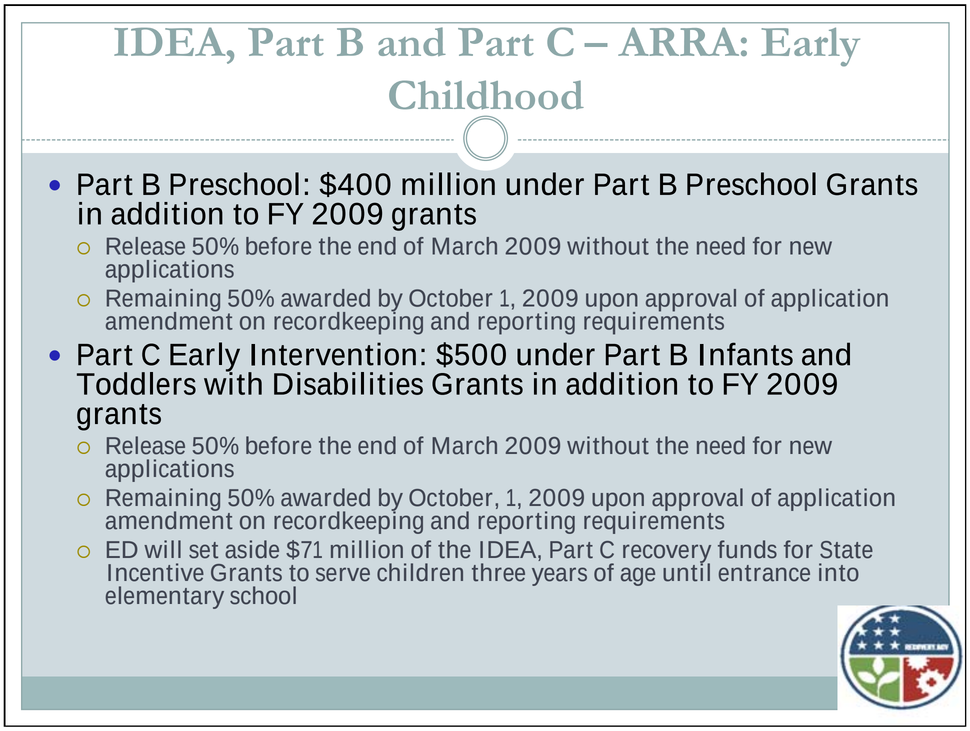
IDEA, Part B – ARRA: Flow of Funds

•The *IDEA* recovery funds are provided under three authorities: $11.3 billion is available under Part B Grants to States; $400 million is available under Part B Preschool Grants; and $500 million is available under Part C Grants for Infants and Families.

•The Department of Education plans to award at least 50 percent of the *IDEA*, Part B Grants to States and Preschool Grants recovery funds to SEAs by the end of March 2009. The remaining funds will be awarded by Oct. 1, 2009. These awards will be in addition to the regular Fiscal Year (FY) 2009 Part B Grants to States and Preschool Grants awards that will be made on July 1 (Grants to States and Preschool Grants) and Oct. 1, 2009 (Grants to States only). Together, these grant awards will constitute a State's total FY 2009 Part B Grants to States and Preschool Grants allocations.

•A State does not need to submit a new application to receive the first 50 percent of the Part B Grants to States and Preschool Grants recovery funds because these funds will be made available to each State based on the State's eligibility established for FY 2008 Part B funds. The assurances in the State's FY 2008 application will apply to these recovery funds. In order to receive the remaining 50 percent of *IDEA*, Part B recovery funds, a State must submit, for review and approval by the Department, an amendment to its FY 2009 application to address the recordkeeping and reporting requirements under the *ARRA*.

•The additional *IDEA* funds provided under the *ARRA* do not increase the amount a State would otherwise be able to reserve for State administration or other State-level activities under its regular grants to States FY 2009 award.



IDEA, Part B and Part C – ARRA: Early Childhood

•Part B Preschool: $400 million under Part B Preschool Grants in addition to FY 2009 grants

- •Release 50% before the end of March 2009 without the need for new applications
- •Remaining 50% awarded by October 1, 2009 upon approval of application amendment on recordkeeping and reporting requirements

•Part C Early Intervention: $500 under Part B Infants and Toddlers with Disabilities Grants in addition to FY 2009 grants

- •Release 50% before the end of March 2009 without the need for new applications
- •Remaining 50% awarded by October, 1, 2009 upon approval of application amendment on recordkeeping and reporting requirements
- •ED will set aside $71 million of the IDEA, Part C recovery funds for State Incentive Grants to serve children three years of age until entrance into elementary school

IDEA, Part B – ARRA: Fiscal and Waiver Issues

- Under certain circumstances, the LEA may reduce State and local expenditures for special education by up to 50 percent of the amount of the increase in the LEA's IDEA allocation over the prior year, if the freed-up local funds are used for activities that could be supported under the ESEA, which can include early intervening services
- Under certain circumstances, an LEA may use up to 15% of its total Part B grant for early intervening services for children who are not currently identified as children with disabilities
- ED will consider requests:
  - for waivers to State MOE requirements for exceptional circumstances, including unforeseen decline in fiscal resources
  - to count SFSF as non-federal for MOE

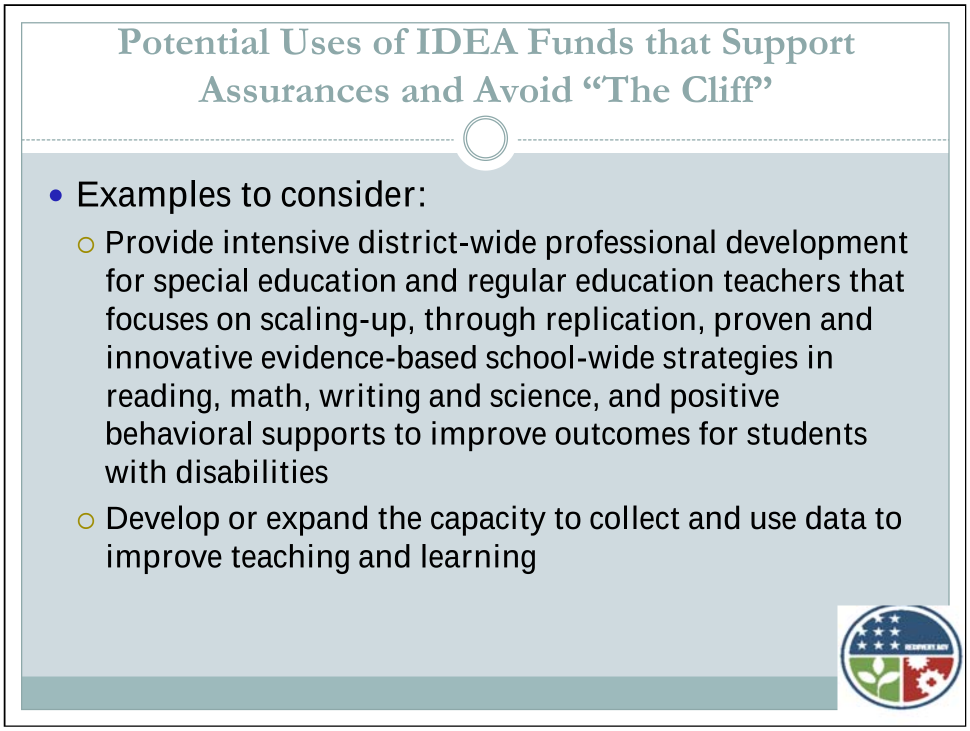
IDEA, Part B – ARRA: Fiscal and Waiver Issues

•An LEA may be able to reduce the level of State and local expenditures otherwise required by the *IDEA* LEA maintenance of effort (MOE) requirements. Generally, under section 613(a)(2)(C), in any fiscal year that an LEA's *IDEA* allocation exceeds the amount the LEA received in the previous year, under certain circumstances, the LEA may reduce the level of State and local expenditures by up to 50 percent of the amount of the increase, as long as the LEA uses those freed-up local funds for activities that could be supported under the *ESEA*. If an LEA takes advantage of this provision, the required MOE for future years is reduced consistent with the reduction it took, unless the LEA increases the amount of its State and local expenditures on its own. SEAs should encourage LEAs that can and do take advantage of this flexibility to focus the freed-up local funds on one-time expenditures that will help the State make progress on the goals in the SFSF program, such as improving the equitable distribution of effective teachers and the quality of assessments. SEAs will be expected to collect and report information on the use of the freed-up funds.

•Alternatively, an LEA may (or in some cases must) use up to 15 percent of its total *IDEA*, Part B Grants to States and Preschool Grants for early intervention services for children in grades K through 12 who are not currently identified as children with disabilities, but who need additional academic and behavioral support to succeed in a general education environment. However, an LEA may use only up to 15 percent of its allocation minus any amount (on a dollar-for-dollar basis) by which the LEA reduced its required State and local expenditures under section 613(a)(2)(C).

•State-level MOE may be waived under Part B of the *IDEA* by the Secretary of Education on a State-by-State basis, for a single year at a time, for exceptional or uncontrollable circumstances, such as a natural disaster or a precipitous and unforeseen decline in the financial resources of a State. LEA-level MOE may not be waived.

•With prior approval from the Secretary of Education, a State or LEA may count SFSF (but not *IDEA* recovery funds) under the *ARRA* that are used for special education and related services as non-federal funds for purposes of determining whether the State or LEA has met the *IDEA*, Part B MOE requirements.

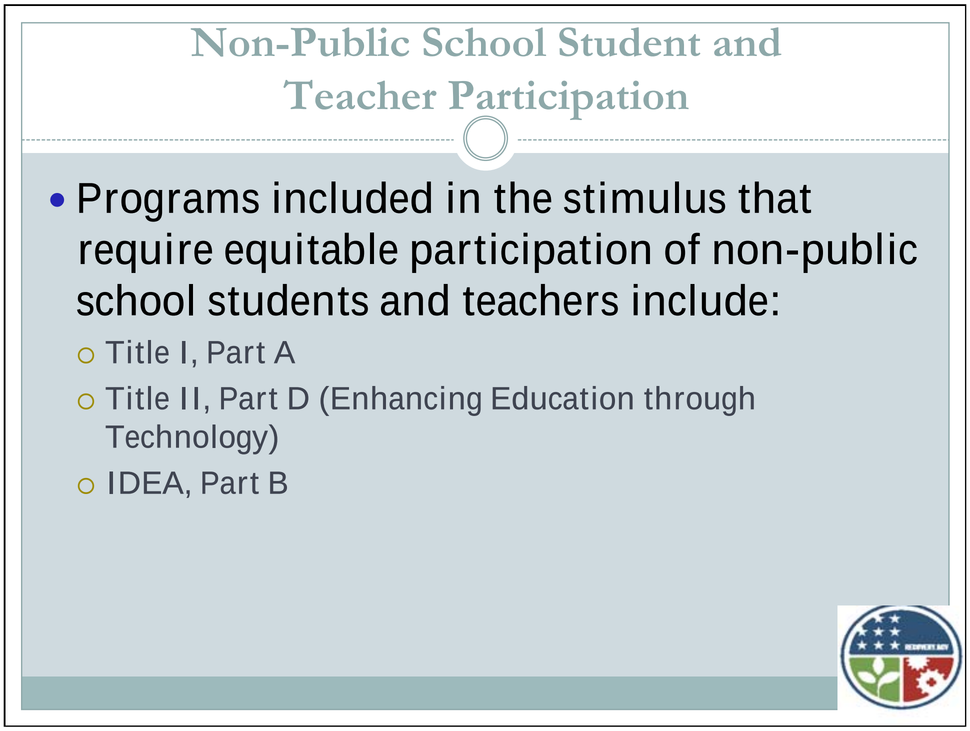


Potential Uses of IDEA Funds that Support Assurances and Avoid "The Cliff"

Some possible uses of these limited-term *IDEA* recovery funds that are allowable under *IDEA* and aligned with the core reform goals for which States must provide assurances under SFSF include:

•Provide intensive district-wide professional development for special education and regular education teachers that focuses on scaling-up, through replication, proven and innovative evidence-based school-wide strategies in reading, math, writing and science, and positive behavioral supports to improve outcomes for students with disabilities

•Develop or expand the capacity to collect and use data to improve teaching and learning



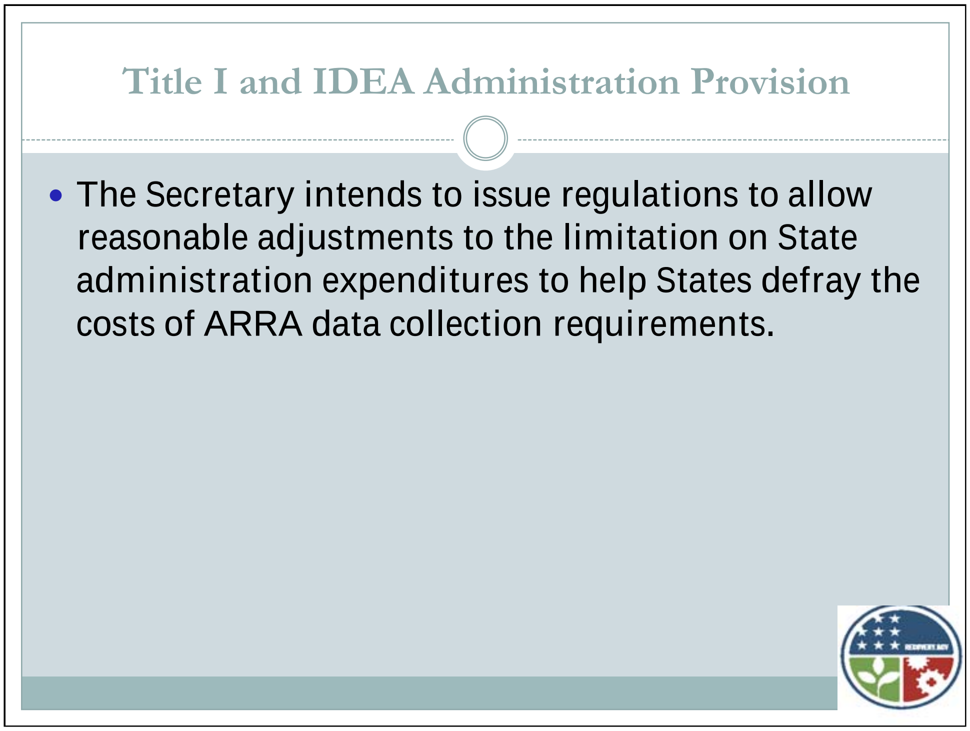
Non-Public School Student and Teacher Participation

Programs included in the stimulus that require equitable participation of non-public school students and teachers include:

•Title I, Part A

•Title II, Part D (Enhancing Education through Technology)

•IDEA, Part B



Title I and IDEA Administration Provision

The Secretary intends to issue regulations to allow reasonable adjustments to the limitation on State administration expenditures to help States defray the costs of ARRA data collection requirements.

Accountability and Transparency

- All ARRA funds must be tracked separately
  - Quarterly reports on both financial information and how funds are being used
  - Estimated number of jobs created
  - Subcontracts and sub-grants required to comply with the Federal Funding Accountability and Transparency Act
- Reporting template being developed for use by States to capture required information
- Transparency allows opportunity to quantify/define goals and mobilize support for improving results for all students

Accountability and Transparency

The President and Congress are committed to ensuring that ARRA dollars are spent with an unprecedented level of transparency and accountability.Therefore, States and LEAs that receive recovery funds should expect to report on how those funds were spent and the results of those expenditures.

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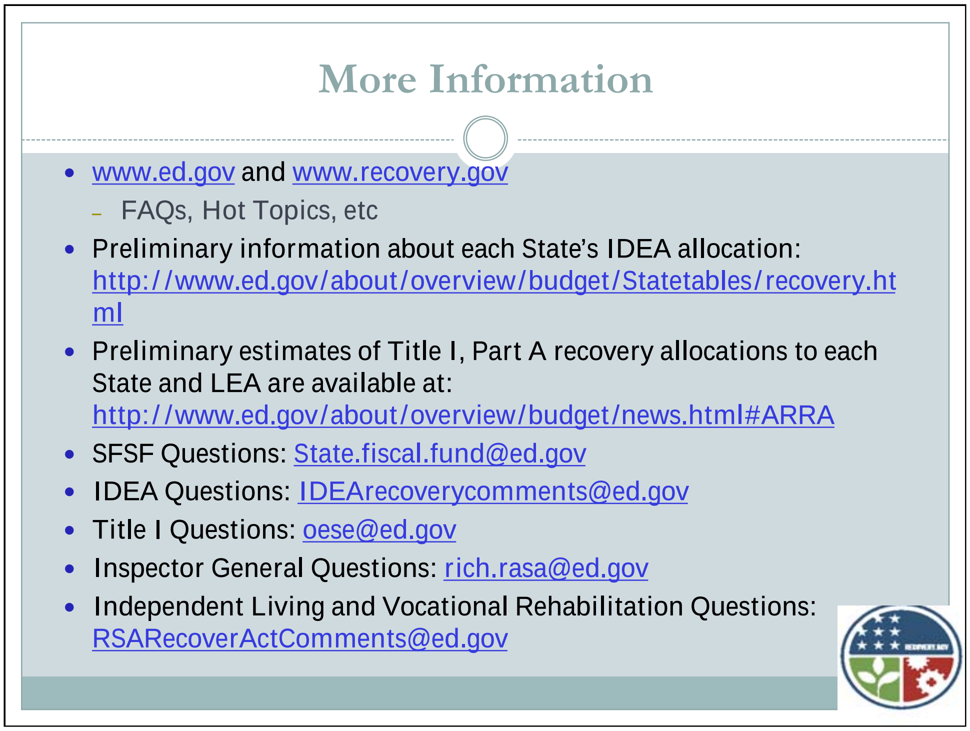

More Information

•www.ed.gov and www.recovery.gov

–FAQs, Hot Topics, etc

•Preliminary information about each State's IDEA allocation: http://www.ed.gov/about/overview/budget/Statetables/recovery.html

•Preliminary estimates of Title I, Part A recovery allocations to each State and LEA are available at: http://www.ed.gov/about/overview/budget/news.html#ARRA

•SFSF Questions: State.fiscal.fund@ed.gov

•IDEA Questions: IDEArecoverycomments@ed.gov

•Title I Questions: oese@ed.gov

•Inspector General Questions: rich.rasa@ed.gov

•Independent Living and Vocational Rehabilitation Questions: RSARecoverActComments@ed.gov