



The American Recovery and Reinvestment Act:



**SAVING AND CREATING JOBS AND
REFORMING EDUCATION**

U.S. Department of Education
April 3, 2009

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Saving and Creating Jobs and Reforming Education
U.S. Department of Education

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“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



Saving and Creating Jobs and Reforming Education

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- Over \$100 billion education investment
- Historic opportunity to stimulate economy and improve education
- Success depends on leadership, judgment, coordination, and communication



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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

College- and career-ready standards and high quality, valid, and reliable assessments for all students, including ELLs and students with disabilities

Pre-K to higher education data systems that meet the principles in the America COMPETES Act

Teacher effectiveness and equitable distribution of effective teachers

Intensive support and effective interventions for lowest-performing schools



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 Available in April

- State Stabilization - \$32.5 billion (67% based on approvable application)
- Available April 1
 - IDEA, Parts B & C - \$6.1 billion (50%)
 - Title I, Part A - \$5 billion (50%)
 - Vocational Rehabilitation - \$270 million (50%)
 - Independent Living - \$52.5 million (100% of formula monies; \$87.5 million in competitive grants to follow)
- Available April 10
 - Homeless Youth - \$70 million (100%)
 - Impact Aid - \$40 million (100% of formula monies; \$60 million in competitive grants to follow)



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Additional \$49 Billion Becomes Available Later in 2009

- Pell & Work Study - \$17.3 billion (100%)
- State Stabilization - \$16.1 billion (33%)
- IDEA , Parts B & C - \$6.1 billion (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%)



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%)
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- 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:
 - State Fiscal Stabilization Fund (SFSF): must be obligated by September 30, 2011
 - Title I, Part A: in absence of a waiver, 85% by Sept 30, 2010; any remaining by Sept 30, 2011
 - IDEA, Part B: majority during school years 2008/09 and 2009/10 and remainder by September 30, 2011



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

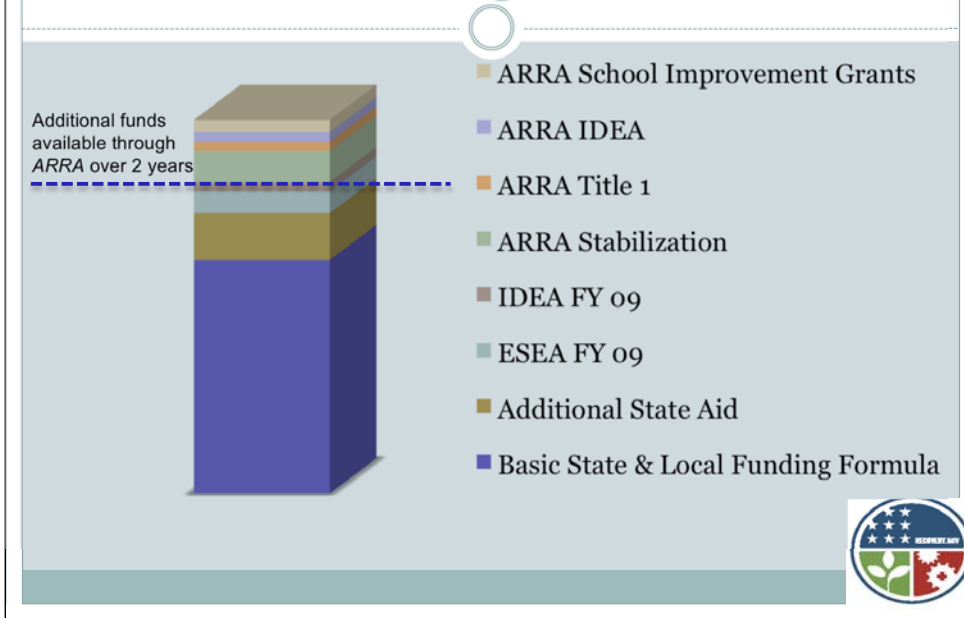


Short-term Investments that Produce Lasting Results; Avoid “The Cliff”

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 - students
 - teacher, school, and district capacity for improvement
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- 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.

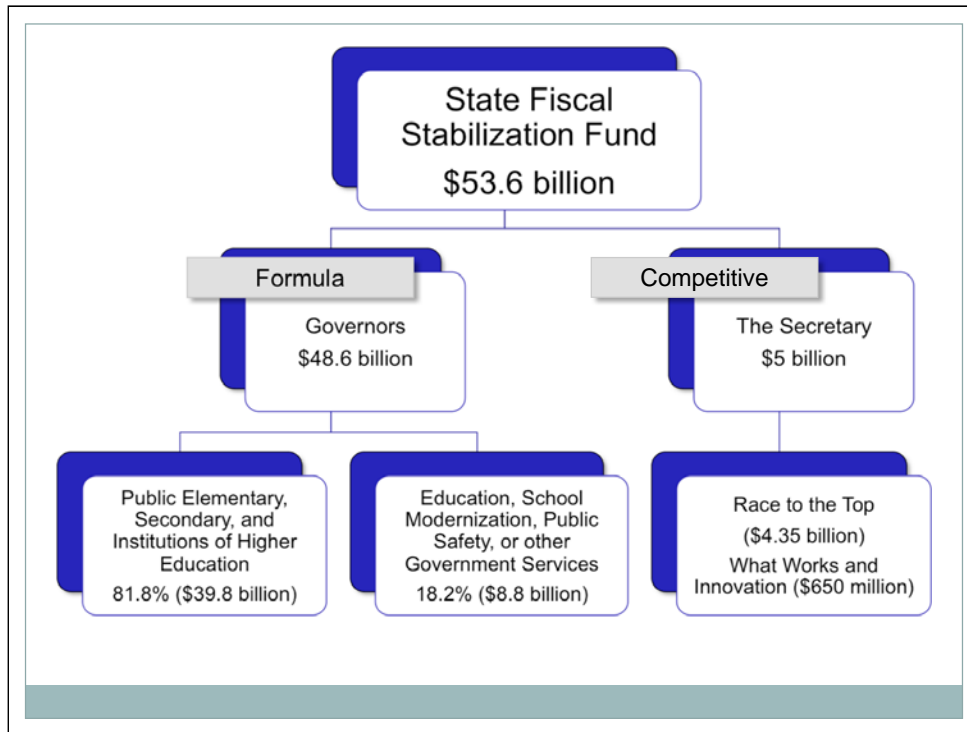
Significant Impact on High Needs Schools' Budgets



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 through ARRA School Improvement Grants, ARRA IDEA, ARRA Title I, and ARRA Stabilization



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
- Streamlined application released April 1
- First phase: 67% to States within two weeks of approvable application and in severe economic emergency, up to 90% available
- Initial application will ask for:
 - Assurances that the State is committed to advancing education reform in four specific areas
 - Baseline data that demonstrate the State's current status in each of the four education reform areas
 - A description of how the State intends to use its Stabilization allocation



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 metrics
 - 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)

Second phase: 33%

Application will ask for:

The State's plan detailing its strategies for addressing the education reform objectives described in the metrics

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

The Department anticipates that the phase-two funds will be awarded beginning July 1, 2009, on a rolling basis.

In the near future, ED will publish a notice detailing the proposed phase two application process for public comment in the *Federal Register*. The notice will describe specific data metrics that states would use to make transparent their status in the four education reform areas outlined above, including a description of the levels to which the data needs to be aggregated and/or reported (e.g., by school, by local educational agency, by state). The notice will also describe the plan that states would need to provide for gathering data including those elements not currently available and the criteria by which the plan would be evaluated. Publishing these data serves two essential purposes: showing how schools are performing and helping schools improve.

State Fiscal Stabilization Fund for Education: Uses of Funds

- Education funds for elementary and secondary must run through State's primary funding formulae
- Governor may require LEA applications to address uses of funds or reporting
- 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



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- 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 for IHEs

- IHEs may use education funds for:
 - education and general expenditures
 - mitigating tuition and fee increases for in-State students
 - modernization, renovation, and repair of facilities used for instruction, research, student housing



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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- May include modernization, renovation, and repair of public schools and public and private college facilities

State Fiscal Stabilization Fund: Maintenance of Effort Issues

- Each Governor must assure the State will maintain same level of support for education in FY2009-11 at least at FY2006 level
- ED may waive under certain conditions so long as state does not reduce proportional amount of state revenues for education
- With prior approval, State or LEA may count ARRA funds as non-federal funds for maintenance of effort (MOE)



State Fiscal Stabilization Fund: Maintenance of Effort Issues

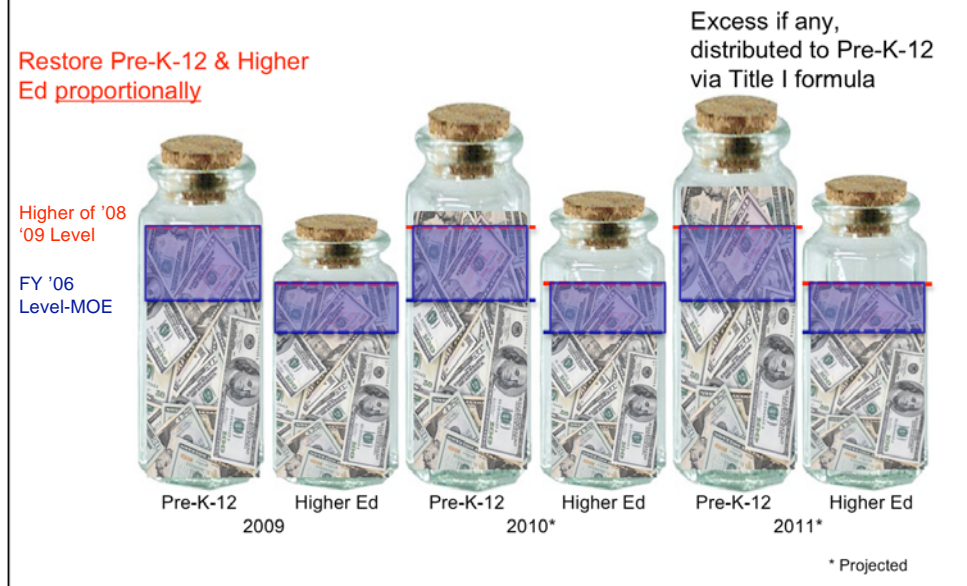
Section 14005(d) of the ARRA contains MOE requirements that apply both to a State's level of support for elementary and secondary education and to its level of support for public IHEs. Those requirements are as follows:

In each of FYs 2009, 2010, and 2011, the State will maintain State support for elementary and secondary education at least at the level of such support in FY 2006.

In each of FYs 2009, 2010, and 2011, the State will maintain State support for public IHEs (not including support for capital projects or for research and development or tuition and fees paid by students) at least at the level of such support in FY 2006.

•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



State Fiscal Stabilization Fund: Fiscal 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.
- 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.
- If a State has insufficient funds to restore fully, in a given fiscal year, the levels of State support for both elementary and secondary education and public IHEs, it must use Education Stabilization funds to support elementary and secondary education and public IHEs in proportion to their relative shortfall in accordance with section 14002(a)(2)(B) of the ARRA.

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



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

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 - 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 - \$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

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

- “Race to the Top” - \$4.35 billion competitive grants to States making most progress toward the assurances
- “Investing in What Works and Innovation” - \$650 million competitive grants to LEAs and non-profits that have made significant gains in closing achievement gaps to be models of best practices
- 2010 grant awards will be made in two rounds - late Fall 2009, Summer 2010



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

Data Metrics: Show How Schools Perform, Help Schools Improve (1)

- Specific data metrics on the four assurances
- Transparency on state progress toward reforms will drive conversations and action
- Metrics available for public comment in the *Federal Register*
- In application for phase two stabilization funds, states provide plan for collecting and reporting these data



Recognizing that the notice will provide further detail and an opportunity to comment, we are providing an overview below of the specific metrics that have been developed and are in process of being published for comment in the *Federal Register*:

Teacher effectiveness and ensuring that all schools have highly qualified teachers – A state would report on the extent to which all students have access to qualified and effective teachers and whether or not teachers are evaluated based on how well their students perform. More specifically, a state would report:

the number and percent of teachers in the highest-poverty and lowest-poverty schools in the state who are highly qualified;

the number and percent of teachers and principals rated at each performance level in each local educational agency's (LEA's) teacher evaluation system; and

the number and percent of LEA teacher and principal evaluation systems that require evidence of student achievement outcomes.

Higher standards and rigorous assessments that will improve both teaching and learning – A state would report the extent to which public information is available regarding student performance compared to other states, the extent to which all students are fully included in state assessment and accountability systems and are provided high-quality assessments, and how many high school seniors continue on to pursue a college education or technical training. To this end, states would report:

the most recent state reading and mathematics NAEP scores on 2009-10 State Report Cards;

whether the state is taking steps to enhance the quality of state academic assessments, including whether the state is engaged in activities consistent with section 6112(a) of the ESEA to

(1) work in collaboration or consortia with other states or organizations to improve the quality, validity, and reliability of state academic assessments;

(2) measure student academic achievement using multiple measures of academic achievement from multiple sources;

(3) chart student progress over time; and

(4) evaluate student academic achievement using comprehensive instruments, such as performance and technology-based assessments;

whether the state has developed and implemented valid and reliable assessments for students with disabilities and the percent of students with disabilities tested on state mathematics and English Language Arts (ELA) assessments;

whether the state has developed and implemented valid and reliable assessment for English language learners and the percent of English language learners tested on state mathematics and ELA assessments; and

the number and percentage of students by school who graduate high school and go on to complete at least one year's worth of college credit (as applicable to a degree) within two years.

Intensive support, effective interventions, and improved achievement in schools that need it the most – A state would identify schools most in need of academic intervention, and report on the progress of those schools in implementing reforms to improve student academic achievement. More specifically, a state would report:

the number of schools in restructuring status that have demonstrated substantial gains in student achievement, closed, or consolidated within last three years; of the schools in restructuring status, the number of schools in the bottom five percent that have demonstrated substantial gains in student achievement, closed or consolidated within the last three years; the number and percent of schools in restructuring status that have made progress on state assessments in mathematics and ELA in last year; and whether the state allows charter schools and whether there is a cap restricting the number of such schools, the number of charter schools currently operating in the state, and the number of charter schools closed within the last three years for academic purposes.

Better information to educators and the public, to address the individual needs of students and improve teacher performance – A state would report on the extent to which it has implemented a system to provide greater clarity to parents about the quality of their child's education. This system will enable educators to use real time information about the individual needs of students, move away from a one-size-fits-all approach to education, and improve their performance. In particular, a state would report:

progress towards implementing a statewide data system which includes each of the 12 elements described in the America COMPETES Act, to track progress of individual students, from preschool through postsecondary education, and match students to individual teachers; and whether all teachers in mathematics and ELA in tested grades receive timely data on the performance of their students and estimates of individual teacher impact on student achievement, in a manner that informs instruction and includes appropriate benchmarks.

Data Metrics: Show How Schools Perform, Help Schools Improve (2)

- Teacher effectiveness and ensuring that all schools have highly qualified teachers
 - Number and % of teachers in the highest-poverty and lowest-poverty schools in the state who are highly qualified
 - Number and % of teachers and principals rated at each performance level in each LEA's teacher evaluation system
 - Number and % of LEA teacher and principal evaluation systems that require evidence of student achievement outcomes



Teacher effectiveness and ensuring that all schools have highly qualified teachers – A state would report on the extent to which all students have access to qualified and effective teachers and whether or not teachers are evaluated based on how well their students perform. More specifically, a state would report:

the number and percent of teachers in the highest-poverty and lowest-poverty schools in the state who are highly qualified;

the number and percent of teachers and principals rated at each performance level in each local educational agency's (LEA's) teacher evaluation system; and

the number and percent of LEA teacher and principal evaluation systems that require evidence of student achievement outcomes.

Data Metrics: Show How Schools Perform, Help Schools Improve (3)

- Higher standards and rigorous assessments that will improve both teaching and learning
 - Most recent math and reading NAEP scores
 - Steps to improve assessments
 - Valid reliable measures for ELLs and students with disabilities test in math and English Language Arts (ELA)
 - % of ELLs and students with disabilities tested in math and ELA
 - Number and % of students who graduate and complete one year of college



Higher standards and rigorous assessments that will improve both teaching and learning – A state would report the extent to which public information is available regarding student performance compared to other states, the extent to which all students are fully included in state assessment and accountability systems and are provided high-quality assessments, and how many high school seniors continue on to pursue a college education or technical training. To this end, states would report:

the most recent state reading and mathematics NAEP scores on 2009-10 State Report Cards; whether the state is taking steps to enhance the quality of state academic assessments, including whether the state is engaged in activities consistent with section 6112(a) of the ESEA to

(1) work in collaboration or consortia with other states or organizations to improve the quality, validity, and reliability of state academic assessments;

(2) measure student academic achievement using multiple measures of academic achievement from multiple sources;

(3) chart student progress over time; and

(4) evaluate student academic achievement using comprehensive instruments, such as performance and technology-based assessments;

whether the state has developed and implemented valid and reliable assessments for students with disabilities and the percent of students with disabilities tested on state mathematics and English Language Arts (ELA) assessments;

whether the state has developed and implemented valid and reliable assessment for English language learners and the percent of English language learners tested on state mathematics and ELA assessments; and

the number and percentage of students by school who graduate high school and go on to complete at least one year's worth of college credit (as applicable to a degree) within two years.

Data Metrics: Show How Schools Perform, Help Schools Improve (4)

- Intensive support, effective interventions, and improved achievement in schools that need it the most
 - Number of schools in restructuring status that demonstrated substantial gains in achievement, closed, or consolidated – last 3 years
 - Number of schools in the bottom 5% of those schools that demonstrated substantial gains in student achievement, closed or consolidated - last 3 years
 - Number and % of schools in restructuring status that have made progress in math and ELA in last year
 - Charter school caps, number operating, number closed



Intensive support, effective interventions, and improved achievement in schools that need it the most – A state would identify schools most in need of academic intervention, and report on the progress of those schools in implementing reforms to improve student academic achievement. More specifically, a state would report:

the number of schools in restructuring status that have demonstrated substantial gains in student achievement, closed, or consolidated within last three years;

of the schools in restructuring status, the number of schools in the bottom five percent that have demonstrated substantial gains in student achievement, closed or consolidated within the last three years;

the number and percent of schools in restructuring status that have made progress on state assessments in mathematics and ELA in last year; and

whether the state allows charter schools and whether there is a cap restricting the number of such schools, the number of charter schools currently operating in the state, and the number of charter schools closed within the last three years for academic purposes.

Data Metrics: Show How Schools Perform, Help Schools Improve (5)

- Better information to educators and the public, to address the individual needs of students and improve teacher performance
 - Statewide data system includes elements of America COMPETES Act
 - All teachers in math and ELA in tested grades receive timely data and estimates of individual teacher impact on student achievement to inform instruction



Better information to educators and the public, to address the individual needs of students and improve teacher performance – A state would report on the extent to which it has implemented a system to provide greater clarity to parents about the quality of their child's education. This system will enable educators to use real time information about the individual needs of students, move away from a one-size-fits-all approach to education, and improve their performance. In particular, a state would report:

progress towards implementing a statewide data system which includes each of the 12 elements described in the America COMPETES Act, to track progress of individual students, from preschool through postsecondary education, and match students to individual teachers; and whether all teachers in mathematics and ELA in tested grades receive timely data on the performance of their students and estimates of individual teacher impact on student achievement, in a manner that informs instruction and includes appropriate benchmarks.

Title I, Part A – ARRA: Flow of Funds

- \$10 billion under Title I, Part A on top of normal FY2009 allocation
- ED will released 50% on April 1 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 released 50 percent of each State's Title I, Part A recovery funds April 1, 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



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IDEA, Part B – ARRA: Flow of Funds

- \$11.3 billion under Part B Grants to States and \$400 million under Part B Preschool Grants on top of the normal FY2009 grants
- Released 50% April 1 without the need for new applications
- Remaining awarded by Sept 30, 2009 upon approval of State's recordkeeping and reporting submission
- Under the Grants to States program, no increase in the amount a State would otherwise be able to reserve for administration and State-level activities under its regular FY 2009 award



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 released 50 percent of the *IDEA*, Part B Grants to States and Preschool Grants recovery funds to SEAs April 1, 2009. The remaining funds will be awarded by Sept. 30, 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% April without the need for new applications
 - Remaining 50% awarded by September 30, 2009 upon approval of State's on recordkeeping and reporting submission
- **Part C Early Intervention: \$500 million under Part C Infants and Toddlers with Disabilities Grants in addition to FY 2009 grants**
 - Released 50% April 1 without the need for new applications
 - Remaining 50% awarded by September 30, 2009 upon approval of State's on recordkeeping and reporting submission
 - 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 and Part C – ARRA: Early Childhood

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- **Part C Early Intervention: \$500 under Part B Infants and Toddlers with Disabilities Grants in addition to FY 2009 grants**
 - Released 50% April 1 without the need for new applications
 - Remaining 50% awarded by September 30, 2009 upon approval of State's on recordkeeping and reporting submission
 - 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

- LEAs may reduce 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 ARRA Funds to Drive Long-Term Educational Reform and Improvement

- Will the proposed use of ARRA funds:
 - Drive results for students?
 - Increase capacity?
 - Accelerate reform?
 - Avoid the “cliff” and improve productivity?
 - Track results?



In considering how to best spend ARRA funds, decision-makers should consider whether they can answer “yes” to these five questions.

Drive results for students? Will the proposed use of funds drive improved results for all students, including students with disabilities and English language learners?

Increase capacity? Will the proposed use increase the long-term capacity of teachers, schools and school districts to improve results for students?

Accelerate reform? Does the proposed use of funds advance the state and district’s strategy and the research based reform goals encompassed in ARRA?

Avoid the “cliff” and improve productivity? Does the proposed use of funds sufficiently take into account that ARRA funds are expected to be temporary and avoid recurring costs that states and districts are unprepared to assume when this funding ends? Given these economic times, will the proposed use serve as “bridge funding” to help transition to more effective and efficient approaches?

Track results? Does the proposed use of funds include approaches to measure and track implementation and results, modify strategies based on evidence, and discontinue strategies that do not lead to improved student results? Are the possible effects of the ARRA resources being evaluated and improved over time?

Potential Uses of ARRA Funds to Drive Long-Term Educational Reform and Improvement (1)

Improving teacher effectiveness and equitable distribution of highly qualified teachers

SFSF, Title I, IDEA

- Training and dual certification for ELL or special education teachers

SFSF, Title I

- Identify and use effective teachers as great coaches and mentors

SFSF

- Fair and reliable teacher evaluation system

Improving teacher effectiveness and equitable distribution of highly qualified teachers

This slide and the three that follow are illustrative examples. These are the beginning of ideas the Department is hearing from the field and is not comprehensive. These ideas are meant to spur thinking. None of these ideas are "silver bullets." All reform initiatives should be considered as a component of your standards-based reform strategies.

The text in the blue boxes shows possible ARRA funds that could be used toward these initiatives

Identify and train highly effective teachers to serve as instructional leaders, coaches and mentors and make time in the school schedule for staff collaboration around student data and improving teaching.

- Title I in schoolwides
- SFSF
- IDEA to the extent related to supporting students with disabilities

Establish and carry out a fair and reliable teacher evaluation system that provides ongoing feedback to teachers about their performance based on objective measures of student progress and multiple classroom observations, and provides guidance for improving instructional practices.

- Pilot in Title I schoolwides using Title I funds then expand using SFSF; or
- Spread district-wide with SFSF funds

Ensure English language learners and students with disabilities in Title I schoolwides get quality teaching in core content areas by supporting training and dual certification.

- Title I
- IDEA for students with disabilities

Potential Uses of ARRA Funds to Drive
Long-Term Educational Reform and Improvement (2)

Establishing data systems and using data for
improvement

SFSF

- Data systems that provide teachers information on student progress

SFSF, Title I

- Train educators to use data for decision-making to improve instruction

SFSF, IDEA

- Implement online Individual Education Program (IEP) aligned to standards

Establishing data systems and using data for improvement

Develop or enhance existing data systems to provide teachers access to student data such as attendance, grades, and course schedules, ELL status, and with reports on their students' academic performance and growth and how that compares to statewide averages for similar students and schools with linked teacher and student identifiers that track student growth over time.

- SFSF

Implement an easy-to-use online Individual Education Program (IEP) system aligned with state academic standards that can be used by parents, teachers and principals to create content-rich IEPs aligned to the general education curriculum.

- SFSF
- IDEA

Potential Uses of ARRA Funds to Drive
Long-Term Educational Reform and Improvement (3)

Turning around low-performing schools

SFSF, Title I

- Close and re-open with new staff, new instructional programs, and additional learning time

SFSF, Title I

- Summer programs so that students succeed in algebra and college-preparatory classes

Turning around the lowest-performing schools

Close and reopen low performing school with new staff, new research-based instructional programs, additional learning time for students, and intensive professional development for teachers.

- SFSF
- Title I

Offer summer programs in Title I schools that give students the leg up to be successful in essential courses such as 9th grade algebra and college-preparatory classes.

- SFSF
- Title I

Potential Uses of ARRA Funds to Drive Long-Term Educational Reform and Improvement (4)

Improving results for all students

- Strengthen early learning

SFSF, Title I, IDEA

- Technology to improve teaching and learning

SFSF

- Create accelerated tracks to college such as early college

SFSF, Title I, IDEA

- Invest in school modernization that advances energy efficiency, community, and early childhood

SFSF

Improving results for all students

Strengthen early learning. Strengthen quality of and access to preschool through professional development, developmentally appropriate materials, language-rich classrooms, inclusive placements for pre-schoolers with disabilities, alignment of pre-K programs with state early learning guidelines and K-3 standards, partnerships with existing Head Start and other programs to extend full day care, and data systems that can follow students' progress into the elementary grades and beyond.

- SFSF
- Title I
- IDEA

Use technology to improve teaching and learning. Purchase and train teachers to use instructional software, smart boards and other interactive technologies that have been shown to be effective for instruction, particularly for English language learners, students with disabilities, and both struggling and advanced learners. Use open education resources or purchase high-quality online courseware in core high school content areas, including use for credit recovery.

- SFSF

Accelerated tracks to college. Create partnerships with colleges and non-profits to establish accelerated high school programs such as early college which help students enter and succeed in college. For students with disabilities, hire transition coaches to help graduating seniors find employment or get post-secondary training.

- SFSF
- Title I
- IDEA for serving students with disabilities

School modernization and construction. Build modern, healthy school facilities that are open to the community, that have up-to-date science labs and technology that enhance learning, and that model energy efficiency to save money over the long-term.

- SFSF
- Bonds – QZABs, QSCBs can multiply the investment

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



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.



Title I and IDEA Administration Provision

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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

- ARRA Resources and Guidance: <http://www.ed.gov/policy/gen/leg/recovery/index.html#appsSFSF>
- SFSF Questions: State.fiscal.fund@ed.gov
- IDEA Questions: IDEArecoverycomments@ed.gov
- Title I Questions: oes@ed.gov
- Inspector General Questions: rich.rasa@ed.gov
- Independent Living and Vocational Rehabilitation Questions: RSARecoverActComments@ed.gov



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