LEARN. TEACH. LEAD.

# American Recovery and Reinvestment Act

## Eligible Education Activities for Funding

The American Recovery and Reinvestment Act, also known as the stimulus package, is an emergency spending plan designed to generate economic activity to prevent a further deterioration of an already severe contraction of the American and global economies.

Approximately $100 billion of the stimulus package's $787 billion total is devoted to education programs. The intent of the entire package is primarily to stimulate the economy. Fundamentally, the education funding serves a twofold purpose: helping states address their budget deficits (of which education is one of the largest state expenditures) and forestalling teacher layoffs at the local level.

Education Secretary Arne Duncan has, however, signaled a third priority for this unprecedented federal infusion of education funding: reform. More than just backfilling state budget cuts or saving teaching jobs, Duncan wants the education investments to be used for activities that promote student achievement.

According to guidelines issued by the U.S. Department of Education, states must apply their stimulus money to make progress in one of these four reform areas:

1. 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;

2. Establishing preK to college and career data systems that track progress and foster continuous improvement;

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

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

Moreover, the one-time nature of the stimulus funding (all of it is to be spent by September 2011 at the latest) encourages expenditures on activities that do not result in ongoing or recurring expenses beyond that date, after which districts would be solely responsible for the costs.

The confluence of factors—the large investment, an emphasis on improving teacher effectiveness, and the temporary aspect of the funding—suggests a unique and historic opportunity for state and local education leaders to elevate the quality of the teaching profession by using a significant amount of the stimulus funds for professional development activities.

## Summary of Major Funding Within the Stimulus

Most of the nearly $100 billion for education activities will be delivered to states and districts through one of four distinct mechanisms: through the existing Title I and Individuals with Disabilities Education Act (IDEA) formulae, the state's primary K-12 funding formula, and competitive grants under the auspices of the Secretary of Education. The breakdown is as follows:

**Title I— $13 billion**

$10 billion for state grants
$3 billion for school improvement grants

**IDEA— $12.2 billion**

$11.3 billion for state grants
$400 million for preschool grants
$500 million for infants and toddlers grants

**State stabilization fund (education)— $39.8 billion**

Restore state education funds through the state's primary K-12 funding formula

**Innovative fund— $5 billion**

$4.35 billion for competitive grants to states
$650 million for competitive grants to LEAs

**Education Technology State Grants— $650 million**

States must use 25 percent of stimulus funds distributed under this program for professional development to improve teaching and learning to increase student achievement and technological literacy.

A state-by-state breakdown of funding allocations for Title I, IDEA, and the education portion of the State Fiscal Stabilization Fund is available at http://www.ascd.org/ASCD/pdf/siteASCD/publications/State_Aid_for_Education_in_the_ARRA_2-23-09.pdf.

A state-by-state breakdown of funding allocations for Education Technology State Grants, IDEA preschool grants, and IDEA infants and toddlers grants is available at http://www.ascd.org/ASCD/pdf/siteASCD/publications/State_Aid_for_Education_in_the_ARRA percent202-25-09.pdf.

Visit ASCD's stimulus resource page for comprehensive and up-to-date information about education funding at http://www.ascd.org/public_policy/Education_Stimulus_Resources.aspx.

**Title I, Part A— $10 billion**

Title I is the cornerstone of federal K-12 education funding. The $10 billion of stimulus funds earmarked for Title I over the next two years are in addition to the regular appropriation for FY09 of $14.5 billion. Half of this money is being made available immediately, with the other half to be sent out upon the secretary's approval of state plan amendments on recordkeeping and reporting requirements. In addition, 95 percent of these funds must be allocated to districts for school improvement activities such as professional development.

**Potential Uses of Funds**

- Intensive, year-long teacher and principal training in a Title I elementary school under corrective action or restructuring status
- Align districtwide Title I preK programs with state early learning standards and state content standards for grades K-3
- Expand high-quality Title I preK programs to more children
- Online math and science courseware supplements in schoolwide Title I high schools
- Professional development to Title I teachers in targeted assistance programs on the use of data to help student achievement
- Reading or mathematics coaches for professional development to teachers in Title I targeted assistance programs
- Extend the school day and calendar to increase learning time for Title I students in targeted assistance programs

## Title I School Improvement Grants— $3 billion

The School Improvement Grant subprogram under Title I funds turnaround activities at schools identified as "in need of improvement" under the accountability determinations of the No Child Left Behind Act. The $3 billion for school improvement grants provided by the stimulus will supplement the $546 million this program received through the regular FY09 appropriation.

The School Improvement Grant program allows states to retain funds at the state level to build statewide capacity such as leadership, technical assistance, and support teams to assist low-performing schools and to provide grants to local districts for similar activities. Local districts that serve the lowest-achieving schools, demonstrate the greatest need for such funds, or exhibit a strong commitment to use the funds to help them meet their school improvement goals will get priority in receiving these funds via the state.

**Potential Uses of Funds**

- 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

## IDEA Part B— $11.3 billion

Federal funding through IDEA helps defray the additional costs of states and districts associated with educating students with disabilities. The stimulus funding of $11.3 billion essentially doubles the $11.5 billion for IDEA state grants in the FY09 appropriation. Additionally, the stimulus provides $400 million for the IDEA preschool program and $500 million for the IDEA infants and toddlers program.

Aside from the potential uses of IDEA stimulus dollars below, it is important to note that under the existing IDEA rules, local districts can reduce their state and local expenditures by up to 50 percent of any federal increase received under the normal IDEA appropriation and apply it to ESEA activities. The U.S. Department of Education is encouraging districts to take "advantage of this flexibility to focus the freed-up local funds on one-time expenditures such as the equitable distribution of effective teachers and the quality of assessments."

**Potential Uses of Funds**

- Intensive districtwide professional development for special education and regular education teachers that focuses on evidence-based schoolwide strategies in reading, math, writing and science, and positive behavioral supports to improve outcomes for students with disabilities
- State-of-the-art assistive technology devices and training in their use to enhance access to the general curriculum for students with disabilities
- Developing the capacity of preschool programs to expand inclusive placement options for preschoolers with disabilities

**State Fiscal Stabilization Fund for Education—$39.8 billion**

$48.3 billion is earmarked for state use under the State Fiscal Stabilization Fund and is allocated to states by formula: 61 percent on the basis of relative population of 5–24-year-olds and 39 percent on the basis of the relative share of the total population. The money is divided into two pots for use within states.

The largest pot, $39.8 billion, must be used to restore (in equal proportions) both a state's K-12 and higher education funding to either FY08 or FY09 levels, whichever is higher. States must distribute these funds to local districts based on the state's primary education funding formula. If any funds remain after K-12 funding restoration, such a surplus will be distributed to districts on the basis of the Title I formula (but is not required to be used for Title I activities).

The second pot, the remaining $8.5 billion, is to be used for public safety and other government operations and may include K-12 services (or the renovation/repair of school facilities— but not new building construction). At the district level, there are specific provisions related to the use of education funds, which can be used for any activities under ESEA, IDEA, the Adult and Family Literacy Act, or the Carl. D. Perkins Career and Technical Education Act (Perkins Act).

**Potential Uses of Funds**

- Districts may use their stabilization funds for any activity authorized under:
    - Elementary and Secondary Education Act of 1965 (ESEA) (which includes the modernization, renovation, or repair of public school facilities)
    - Individuals with Disabilities Education Act (IDEA)
    - Adult Education and Family Literacy Act (Adult Education Act)
    - Carl D. Perkins Career and Technical Education Act of 2006.
- Pay salaries to avoid having to lay off teachers and other school employees.

**Examples of Prohibited Uses of Funds**

- Districts may **NOT** use funds for

    - Payment of maintenance costs.
    - Purchase or upgrade of vehicles.
    - Restoring or supplementing a "rainy day" fund.

**Secretary's Innovation Fund—$5 billion**

The most direct and obvious stimulus investment in education reform is a $5 billion fund overseen by the Secretary of Education to promote his four reform priorities.

The Race to the Top Fund is $4.35 billion worth of competitive grants to states making the most progress in improving student achievement and implementing the secretary's principles.

The Investing in What Works and Innovation Fund is $650 million in competitive grants to LEAs and nonprofits that have made significant gains in closing achievement gaps and are models of best practices. Because the grants are awarded on a competitive basis and are also somewhat contingent on state and district use of other stimulus funds, the government will award these grants last. The 2010 awards will be made in two rounds, first in late fall 2009 and then again in summer of 2010.

**Education Technology State Grants— $650 million**

The stimulus plan provides $650 million for the Enhancing Education Through Technology (EETT, or E2T2) state grant program beyond the FY09 appropriation of $270 million. The program helps districts utilize technology to improve teaching and learning to increase student achievement and technological literacy. States must use 25 percent of stimulus funds distributed under this program for professional development.

**Potential Uses of Funds**

- Sustained professional development programs
- Curricula that integrates technology
- Technology that increases parental involvement
- Technology to collect, manage, and analyze data to enhance teaching and school improvement

## Timing

To have as quick an impact on economic conditions as possible, the Department of Education is distributing almost half of the stimulus money ($43.7 billion) in April, with the remainder sent to states this summer and fall.

**$43.7 Billion Available to States Immediately**

- State Stabilization—$32.5 billion (67 percent)
- IDEA, Parts B & C—$6.1 billion (50 percent)
- Title I, Part A—$5 billion (50 percent)
- Impact Aid—$40 million (100 percent of formula monies; $60 million in competitive grants to follow)

**Additional $49 Billion Becomes Available Between Summer and Fall 2009**

- Pell & Work Study—$17.3 billion (100 percent)
- State Stabilization—$16.1 billion (33 percent)
- IDEA , Parts B & C—$6.1 billion in (50 percent)
- Title I, Part A—$5 billion (50 percent)
- Title I School Improvement—$3 billion (100 percent)
- Enhancing Education through Technology—$650 million (100 percent)
- Vocational Rehabilitation—$270 million (50 percent)
- Statewide Data Systems—$250 million (100 percent)
- Teacher Incentive Fund—$200 million (100 percent)
- Teacher Quality Enhancement—$100 million (100 percent)

## Obligation Deadlines

It is important to note that while all of the money is being made available to states between now and the fall, states do not have to obligate (or formally commit, though not necessarily disburse) most of these funds until September 2010 and in some lesser instances not till September 2011. In other words, while state and local leaders should move prudently and expeditiously to expend these funds, they do not have to do so hastily or wantonly.

**Title I**—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 September 30, 2010**. Any remaining FY 2009 Title I, Part A funds will be available for obligation until **September 30, 2011.**

**IDEA—**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. 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 September 30, 2011**.

**State stabilization funds**—Commit as soon as possible, but must be obligated by state and local levels by **September 30, 2011.**

**Maximize short-term investments with lasting results for:**

- Students;
- Teacher, school, and district capacity for improvement;
- Minimizing unsustainable ongoing commitments; and
- Integrating coherent improvement strategies that are aligned with the core reform goals outlined in ARRA (see the four principles above).

States should invest the funds in ways that do not result in unsustainable continuing commitments after the funding expires.