



# Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

## American Recovery & Reinvestment Act (ARRA)

March 31, 2009



## Presentation Overview

# American Recovery and Reinvestment Act (ARRA)

- ✦ Overview
- ✦ Formula Programs
  - ✦ Title I, Part A
  - ✦ IDEA, Part B
  - ✦ School Improvement Grants
  - ✦ Title II, D
  - ✦ Homeless
- ✦ State Fiscal Stabilization Fund (SFSF)
- ✦ Competitive Grants
- ✦ Implementation Challenges
- ✦ Resources



## Presentation Purpose

- ✦ Provide an overview of the education provisions of the American Recovery & Reinvestment Act (ARRA).
- ✦ Identify the ARRA funding going to Illinois schools.
- ✦ Explain specific program requirements to facilitate planning.
- ✦ Explain anticipated accountability requirements for ARRA funds.

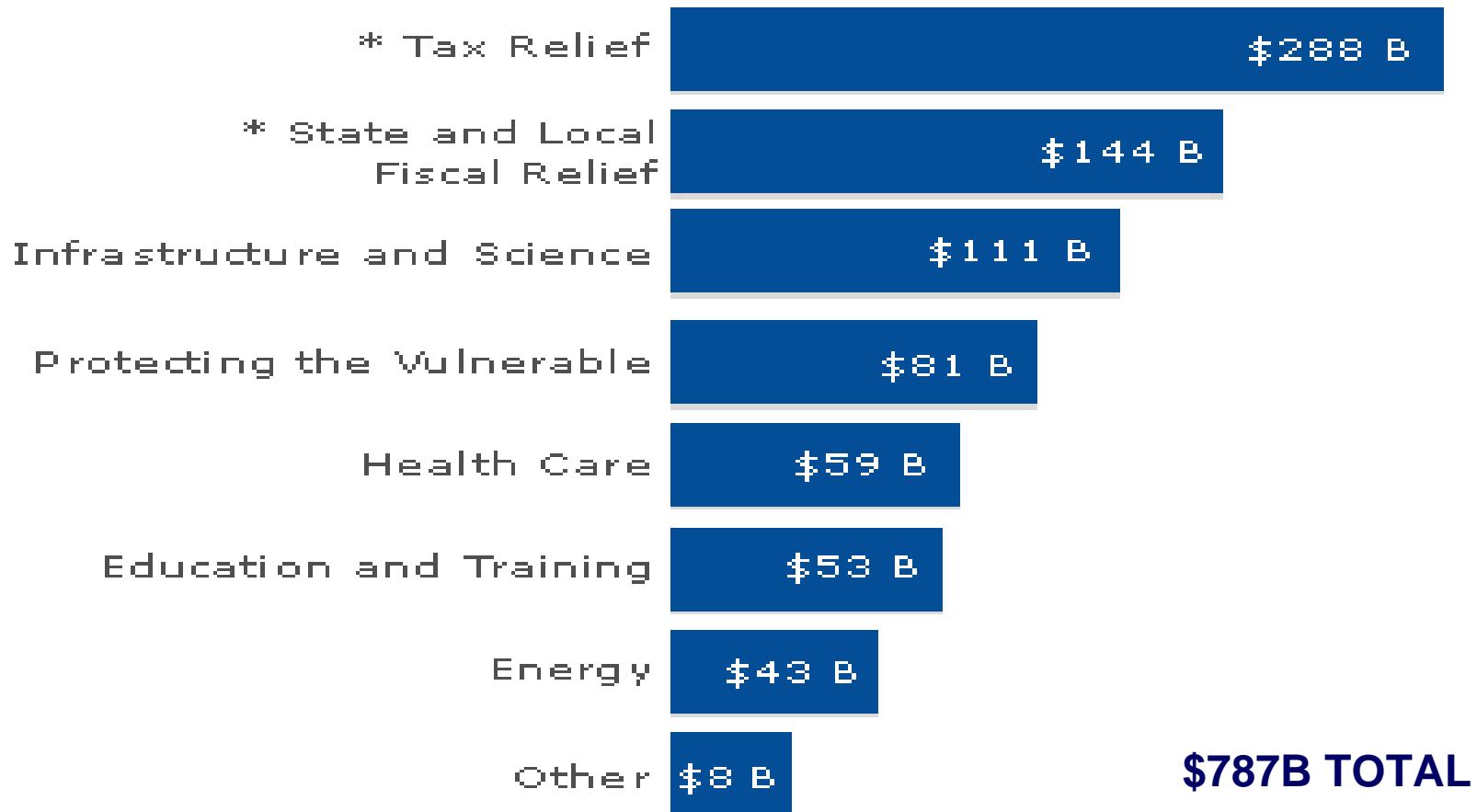


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## Historic, one-time investment to stimulate economy & improve education





## Guiding Principles

1. Spend funds quickly to save and create jobs
2. Ensure transparency, reporting and accountability
3. Invest one-time ARRA funds thoughtfully to minimize the funding cliff
4. Advance Effective Reforms



## Advance Core Reforms: Assurances

1. Academic Standards and Assessments of Student Learning and Achievement
2. Equitable Distribution of Quality Teachers
3. Data Systems to Track Student Performance
4. School Improvement Initiatives for Schools and Districts in Need of Improvement



## Sources of ARRA Funds

Primary sources of ARRA education funds for states:

<u>Source</u>	<u>IL's Award</u>
1. Formula/Existing Grants	~ \$971 million
2. State Fiscal Stabilization Funds (SFSF)	~ \$2 billion
3. Competitive Grants (Incentive Grants, Innovation Grants, Statewide Data Systems)	TBD*

\*Distributed at discretion of Secretary of Education



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## 1<sup>st</sup> round of funding to IL (March/April)

<u>Source</u>	<u>IL's Award</u>
50% of Title I, Part A: (Education of the Disadvantaged)	\$210,131,780
50% IDEA, Part B: (611: Children with Disabilities)	\$253,239,876
50% IDEA, Part B: (619:Preschool)	\$9,155,745
100% McKinney-Vento: (Homeless Children)	\$2,581,569
67% State Stabilization:*	\$1,376,965,231

\* Requires ED's approval of the Governor's application



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## 2<sup>nd</sup> round of funding to IL (Fall)

<u>Source</u>	<u>IL's Award</u>
50% of Title I, Part A: (Education of the Disadvantaged)	\$210,131,780
50% IDEA, Part B: (611: Children with Disabilities)	\$253,239,876
50% IDEA, Part B: (619:Preschool)	\$9,155,745
100% Title I, Part A, §1003(g): (School Improvement)	\$124,200,955
100% Title II, Part D: (Technology Education)	\$26,523,208
33% State Stabilization:	\$678,206,755
100% Competitive Grants:***	TBD

2<sup>nd</sup> round of funding requires approval of applications by ED, specifically addressing recordkeeping and reporting requirements.

\*\*\* Requires ISBE and others to compete for funds.

Not for quotation or attribution



## LEA Obligation Requirements

- ✦ ISBE will award funds to LEAs as quickly as possible via application process to ensure transparency & effective use of funds.
- ✦ LEAs should use the funds expeditiously but sensibly.
- ✦ **An LEA must obligate 85% of its total FY 2009 Title I, Part A funds (including ARRA funds) by Sept. 30, 2010; absent a waiver.**
- ✦ Any remaining FY 2009 Title I, Part A funds will be available for obligation until Sept. 30, 2011.
- ✦ The majority of IDEA, Part B funds should be obligated during SY 2008-09 and 2009–10 and the remainder during school year 2010–11.
- ✦ **All Title I, Part A and IDEA, Part B funds must be obligated by Sept. 30, 2011.**



## Title I, Part A - ARRA Provisions

- ✦ \$420 million to IL on top of normal FY09 allocation, 1/2 available now, 1/2 in the fall assuming approved revised application
- ✦ LEA eligibility based on federal poverty data ( greater than 5% poverty)
- ✦ ARRA funds MUST be budgeted and tracked separately
- ✦ LEAs required to report quarterly on use of funds
- ✦ Normal statutory and regulatory requirements apply
- ✦ Waivers for set asides agreements may be granted
- ✦ Title I supplement not supplant requirements apply
- ✦ Participating LEAs must file school by school listing of per pupil expenditures from state & local sources during the 08-09 SY.



## Title I, Part A –Waivers & Fiscal Issues

### Waivers will be *considered* for:

- ✦ “Set-aside” requirements in Title I, Part A that apply to the use of funds by LEAs, except parent involvement
- ✦ Per-pupil amount for supplemental educational services (SES)
- ✦ State may grant LEAs a waiver of carryover limitation
- ✦ Requests to count SFSF funds as non-federal for purposes of MOE
- ✦ In the cases of severe budget shortfall, LEAs may have options to demonstrate compliance with supplement not supplant requirements
  - ✦ NOTE: ED cannot waive supplement not supplant requirements



## IDEA, Part B (§611, 619) – ARRA Provisions

- ✦ \$506 million under Part B Grants to IL and \$18 million under Part B Preschool Grants on top of the normal FY2009 grants, 1/2 available now, 1/2 in the fall assuming approved revised application
- ✦ Distribution of funds based on same calculation as standard IDEA allocation
- ✦ Funds budgeted and tracked separately
- ✦ LEAs required to report on use of funds
- ✦ Normal statutory and regulatory requirements apply
- ✦ IDEA supplement not supplant requirements apply



## IDEA, Part B - Waivers & Fiscal Issues

Waivers will be *considered* for:

- ✦ State MOE requirements for exceptional circumstances, including unforeseen decline in fiscal resources
- ✦ Counting SFSF as non-federal funds for MOE calculations
- ✦ 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



## Title I, A, §1003(g) – School Improvement

- ✦ \$124 million in addition to existing grant available in the fall, 2009 for IL
- ✦ 1003(g) funds are provided to SEAs via existing formula which then provides funds to LEAs via competitive process to provide intensive assistance to schools in federal status under §1116 of NCLB
- ✦ Priority goes to *eligible* 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 II, D - Ed Tech- ARRA Provisions

- ✦ \$26 million on top of normal FY09 allocation available in the fall, 2009
- ✦ Formula grants to SEAs based on current year Title I, Part A funds
- ✦ **Formula** funding (50%) will be calculated and allocated by ISBE to districts using the same process as regular Title IID funding with likely additional application and/or reporting requirements.
- ✦ **Competitive** funding (50%) to high-needs LEAs or partnership that include high-need LEAs will be awarded through the RFP process which will be developed by ISBE once additional info is provided by ED.
- ✦ 25% of funds are to be allocated by the LEAs for professional development
- ✦ Normal statutory and regulatory requirements apply



## McKinney-Vento - ARRA Provisions

- ✦ Approximately \$2.5 million on top of normal FY09 allocation
- ✦ Funds will be allocated to SEAs based on the federally-required 2007-08 data collection on Homeless Students, by school district.
- ✦ ED to distribute to SEAs within 90 days of enactment (May 16<sup>th</sup>ish)
- ✦ SEA to make subgrants to LEAs within 120 days of receipt of funds (Sept 16<sup>th</sup>ish) on a competitive or formula basis.
- ✦ Funds can be used for any of the 16 “Authorized Activities” as they appear in the McKinney-Vento Homeless Assistance Act, Subtitle VII-B, Section 723 – Subgrants to LEAs.



## Non-Public School Student & 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



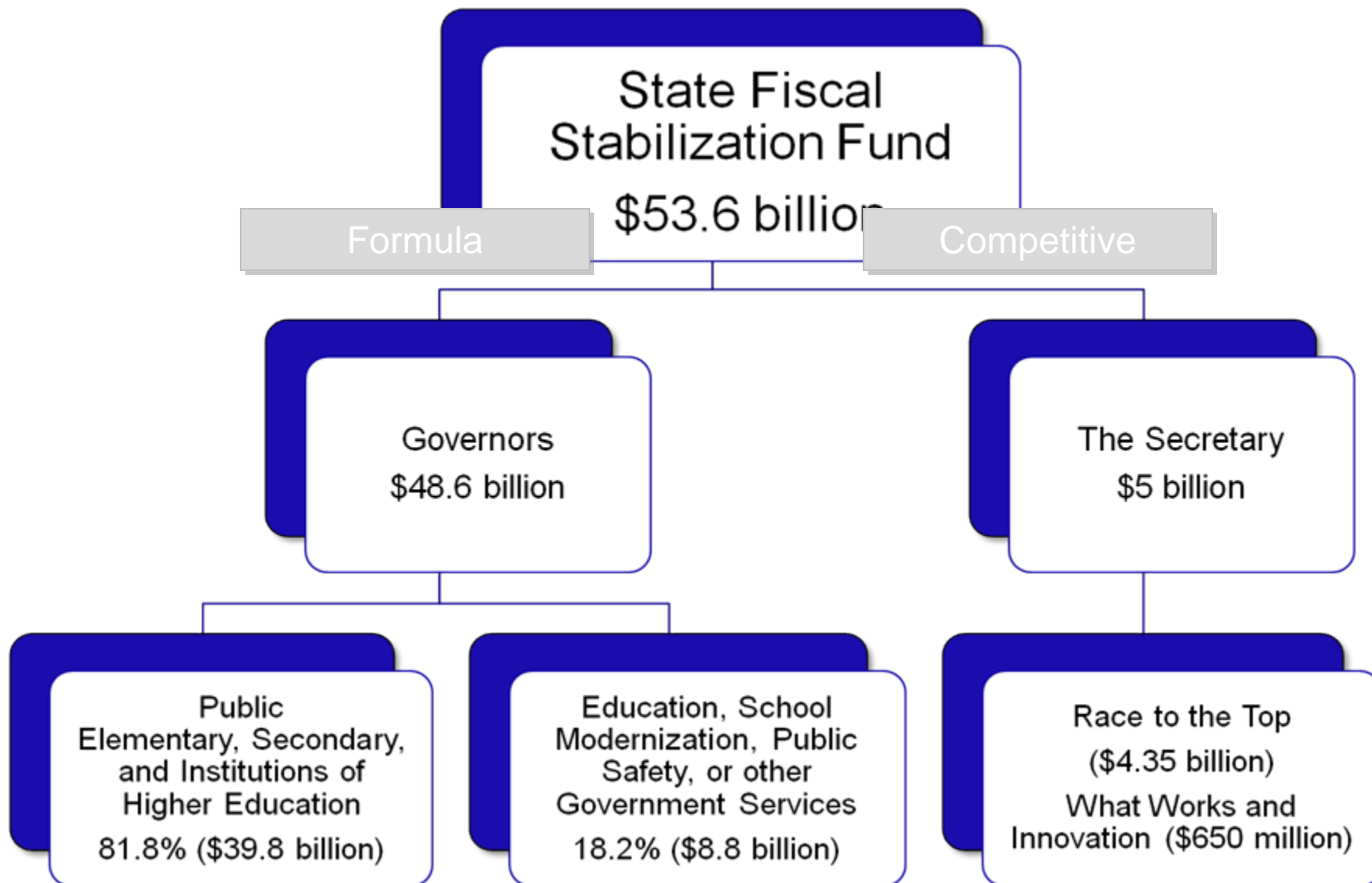
## American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Fund (SFSF)



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## State Fiscal Stabilization Fund (SFSF)

Awarded to Governors in two phases:

1. 67% of state's allocation to be received w/in two weeks of a state's approved application which requires several assurances.

(tentative: April 30<sup>th</sup>)

2. Remaining portion of the state allocation will be awarded based on a revised state's plan

(tentative: July 1<sup>st</sup>)



## SFSF Actions & Assurances:

### Phase 1 application:

- ✦ Assurances that the State is committed to advancing education reform in 4 specific areas
- ✦ Baseline data that shows State's current status in each of the 4 education reform areas
- ✦ A description of how the State intends to use its Stabilization funds

### Phase 2 application:

- ✦ The State's plan detailing its strategies for addressing the 4 education reform objectives
- ✦ A description of how the State is implementing the record-keeping and reporting requirements of ARRA
- ✦ A description of how funds will be/are being used in a fiscally prudent way that substantially improves teaching and learning



## Four Education Reform Areas:

1. Increase teacher effectiveness and address inequities in the distribution of HQT
2. Establish and use pre-K-16 data systems to track progress and foster continuous improvement
3. Make progress toward rigorous standards and high-quality assessments
4. Support targeted, intensive support and effective interventions to turn around schools identified for corrective action and restructuring



## Splitting Stabilization Funds

Of the SFSF funds received by the state (approximately 2 billion), the money is divided into 2 “pots” with different allowable uses.

**Pot 1: 81.8%** earmarked for restoring education funding to the greater of the level in FY08 or FY09.

- ✦ The restoration funds must first be distributed among the shortfalls in K-12 and higher education.

**Pot 2: 18.2%** is for public safety & other govt. services, such as:

- ✦ Assistance for elementary & secondary, and public IHE
- ✦ Modernization, renovation or repair of public school facilities and IHE



## Stabilization - Restoration, the 82%

- ✦ The funds go to restore, through the state's primary elementary and secondary funding “*formulae*,” the level of support provided to the greater of the state FY 2008 or 09 level; and
  - ✦ Where applicable, to allow existing state formulae increases to support elementary and secondary education for fiscal years 2010 and 2011 to be implemented.
- ✦ Once the restoration is carried out, the Governor shall use *any remaining funds* to provide LEAs with sub grants based on the relative shares of funding under Title I, Part A of ESEA for most recent year for which data are available. These funds are not subject to Title I program requirements.



## Stabilization - Support, the 18%

18.2 % of the SFSF awarded by formula must be used for:

- ✦ public safety and
- ✦ other “government services,” that may include
  - ✦ Assistance for elementary & secondary, and Institutes of Higher Education (IHE)
  - ✦ Funds may be used for modernization, renovation, or repair of public school and IHE facilities.



## Stabilization Funds: Waivers & Fiscal Issues

- ✦ Stabilization funds will be distributed ASAP, pending completion of the Governor's application guidelines by ED.
- ✦ Period of availability: Plain language of the Act limits availability to September 30, 2010.
- ✦ The Governor must return any funds that are not awarded as sub grants or "**otherwise committed**" within 2 yrs of receiving such funds.
- ✦ There will be extensive reporting requirements.
- ✦ Includes a maintenance of effort provision that may be waived or modified under certain conditions
- ✦ There is no Supplement not Supplant provision applicable to fiscal stability funds.



## American Recovery and Reinvestment Act (ARRA) Completive Grants



## State Incentive Grants

### “Race to the Top” fund:

- ✦ Up to \$4.35 billion in grants to states that have made significant progress in meeting the assurances:
  - ✦ Achieving equity in teacher distribution
  - ✦ Improving collection and use of data
  - ✦ Standards and assessments
  - ✦ Supporting struggling schools, corrective action and restructuring
  - ✦ *And other criteria the Sec. determines appropriate*
- ✦ State must use at least 50% of the grant to provide local educational agencies with sub grants based on the relative share Title I funding.



## Innovation Fund

### “Invest in What Works” fund:

- ✦ Up to \$650 million for grants to eligible entities that meet certain requirements.
- ✦ This fund appears to be available immediately.
- ✦ Awards for “eligible entities” to
  - ✦ allow them to expand successful practices;
  - ✦ allow the entities to work in partnership with the private sector and the philanthropic community; and
  - ✦ identify best practices that can be shared and taken to scale.



## Innovation Fund

- ✦ An “eligible entity” is an LEA or a partnership between a nonprofit organization and one or more LEAs or a consortium of schools
- ✦ To be eligible, LEAs & nonprofit entities shall:
  - ✦ Significantly close the achievement gaps;
  - ✦ Have demonstrated success in increasing student academic achievement for all groups of students;
  - ✦ Have made significant improvement in other areas such as highly qualified teachers, (HQT), data, graduation rates, etc.
  - ✦ Demonstrated an established partnership with the private sector and that the private sector will provide matching funds to help bring results to scale.



## American Recovery and Reinvestment Act (ARRA) Fiscal & Reporting Issues



## Maintenance of Effort (MOE) Requirements

- ✦ The State Fiscal Stabilization Fund includes maintenance of effort provision where districts could use federal funds to enable them to maintain effort for fiscal 2009-2010 and 2010-2011.
- ✦ With prior approval from ED, a state or LEA may count SFSF funds (but not *NCLB* or *IDEA* recovery funds) used for *elementary, secondary, or post secondary education* as non-federal funds for purposes of determining whether the state or LEA has met the *IDEA*, Part B or Title I, Part A MOE requirements.

*Definition - Maintenance of Effort (MOE) is a federal requirement that requires grant recipients and /or sub-recipients to maintain a certain level of state/local fiscal effort to be eligible for full participation in federal grant funding. Grant recipients or sub-recipients not meeting MOE requirements face loss of a portion of their federal funds. §9521*



## Allowable Costs – Supplement vs. Supplant

1. Is the activity allowable? Review statute, guidance, cost principles

2. Does it violate non-supplanting provisions?

✦ Review three scenarios where supplanting is presumed, see *Revised Non-Regulatory Guidance Title I Fiscal Issues*, Feb. 2008 (<http://www.ed.gov/programs/titleiparta/fiscalguid.pdf>).

✦ When federal funds are used to provide services that the SEA/LEA is required to make available under other federal, state or local laws;

✦ When federal funds are used to provide services that the LEA/SEA provided with State or local funds in the prior year; or

✦ When federal funds are used to provide the same services to Title I participating students that are being received by nonparticipating students.

3. Is there documentation to rebut the presumption of supplanting?



## State Reservations & Administrative Funds

- ✦ A state must reserve 4 % 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% must be allocated directly to LEAs for school improvement activities.
- ✦ 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.
- ✦ 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.



## SFSF Reporting Requirements

States must submit a report to ED describing:

- ✦ How the funds were used
- ✦ How the fund were distributed
- ✦ Estimated number of jobs saved or created using the stabilization funds
- ✦ Tax increases averted
- ✦ State's progress in meeting the assurances
- ✦ Increases in tuition and fees at public IHEs
- ✦ Changes in enrollment in public IHEs
- ✦ Each Modernization/Renovation/Repair project funded



## ARRA Reporting Requirements

- ✦ **Any** activity paid for with ARRA funds must be tracked separately with its own budget code.
- ✦ States and LEAs to produce quarterly financial and program outcome reports.
- ✦ Detailed information describing how districts will use obligated and unobligated funds.
- ✦ Emphasis on clean, reliable data that will be used for decision making.
- ✦ Subcontracts and sub-grantees to comply with the Federal Funding Accountability and Transparency Act.



## Use of Funds - LEA Questions to consider:

1. Is the investment going to have a significant impact on increasing student achievement and spurring innovation?
2. Is the investment aligned with the other academic strategies that the district is already pursuing that are effectively boosting achievement of the lowest-performing students?
3. Is the investment possible within the time frames envisioned in the law?
4. Is the investment consistent with the expected duration of the funding stream?



## ARRA Resources

- ✦ **ISBE ARRA Webpage:** <http://www.isbe.net/arra/default.htm>
- ✦ **Illinois ARRA Webpage:** <http://www.illinois.gov/recovery/>
- ✦ **White House Website:** <http://www.recovery.gov>
- ✦ **ED ARRA webpage:** <http://www.ed.gov/policy/gen/leg/recovery/index.html>
- ✦ **Council of State Governments:** <http://www.staterecovery.org/>
- ✦ **Learning Point's Education Recovery and Reinvestment Center**
  - ✦ <http://www.learningpt.org/recovery/>
  - ✦ Includes great chart on distribution of funds.



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# THANK YOU!