



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

American Recovery & Reinvestment Act (ARRA)

May 1, 2009

1:30 p.m.

<http://www.isbe.net/arra/default.htm>

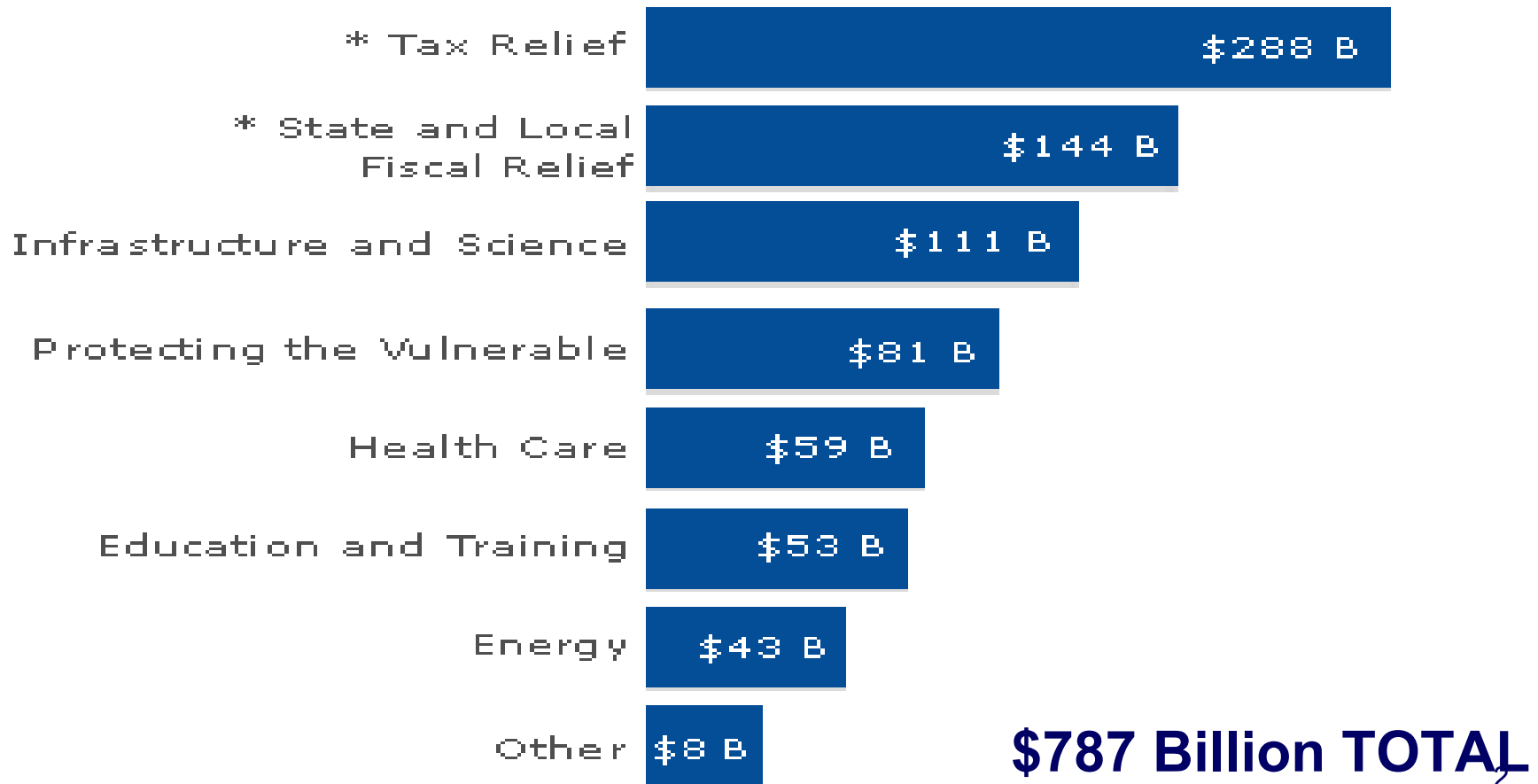


Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

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





ARRA Guiding Principles

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



Four Education Reform Areas

1. Increase teacher effectiveness and address inequities in the distribution of Highly Qualified Teachers (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



Sources of ARRA Education Funds

Source

IL's Award

1. Formula/Existing Grants ~ \$971 million
2. State Fiscal Stabilization Funds (SFSF) ~ \$2 billion
3. Competitive Grants TBD*
(Incentive Grants, Innovation Grants, Statewide Data Systems)

*Distributed at discretion of Secretary of Education



1. Formula Funds

<u>Source</u>	<u>IL's Award</u>
Title I, Part A: (Education of the Disadvantaged)	\$420 million
IDEA, Part B: (611: Children with Disabilities)	\$506 million
IDEA, Part B: (619:Preschool)	\$18.3 million
McKinney-Vento: (Homeless Children)	\$2.5 million
Title I, 1003(g) Grants: (School Improvement)	\$124 million
Title II, Part D: (Education Technology)	\$26.5 million



2. Stabilization Funds

- The Governor must apply for Stabilization Funds which is to be distributed in two pots
- The U.S. Department of Education (ED) approved Illinois phase one application on April 20th
- All of the State Fiscal Stabilization Funds will be used to support General State Aid purposes in FY09 and FY10
- Illinois will receive \$1.4 billion in this first phase of the release of funds
- Illinois must apply again for the \$655 million available to the state in the second phase of funding



3. Competitive Grants

“Race to the Top” fund:

- Up to \$4.35 billion in grants to states that have made significant progress in meeting the assurances and other criteria that the U.S. Secretary of Education deems appropriate.

“Innovation fund”:

- Up to \$650 million for grants to eligible entities – meaning an LEA or a partnership between a nonprofit organization and one or more LEAs or a consortium of schools.
- Awards for “eligible entities” to expand successful practices and identify best practices that can be shared and taken to scale and work in partnership with the private sector and the philanthropic community.



Use of Funds - LEA questions to consider:

The answer to these 5 questions should be YES when considering how to best spend *ARRA* funds:

- Will the proposed use of funds drive improved results for students?
- Will the proposed use of funds increase educators' long-term capacity to improve results for students?
- Will the proposed use of funds advance state, district, or school improvement plans and the reform goals encompassed in *ARRA*?
- Will the proposed use of funds avoid recurring costs that states, school systems, and schools are unprepared to assume when this funding ends?
- Will the proposed use of funds include approaches to measure and track implementation and results and create feedback loops to modify or discontinue strategies based on evidence?



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?



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.



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

School Business & Support Services

DEB VESPA

Division Administrator

(217-785-8779)



Accounting Requirements for ARRA Revenues and Expenditures

**Emergency Rules and Regulations have
been posted for accounting requirements
and are located at:**

http://www.isbe.net/rules/archive/pdfs/23IAC100EmergAmnd_Code.pdf



Revenue Account Codes

- New Revenue Account Codes are identified as 4850 through 4880 and can be located in Table C of the emergency rules
- ARRA Expenditures must reflect Fund, Function, Object, and now revenue source code

<u>Fund</u>	<u>Function</u>	<u>Object</u>	<u>Revenue Source Code</u>
XX	XXXX	XXX	XXXX
01	1100	100	4850



ARRA General State Aid Funds cannot be used for:

- **Payments of maintenance costs;**
- **Stadium or other facilities used primarily for athletic contests, exhibitions, or other events for which admission is charged to the general public**
- **Purchasing or upgrading vehicles;**
- **Improvements to stand-alone facilities whose purpose is not the education of children, including facilities housing central office administration, operations, or logistical support functions; or**
- **School modernization, renovation, or repair that is inconsistent with State Law.**



Bond Options

- Qualified Zone Academy Bonds (QZAB)
- Qualified School Construction Bonds (QSCB)
- Build America Bonds (BAB)

Applications are being developed, watch Superintendent's Weekly Message and ISBE website at: <http://www.isbe.net/construction/html/qzab.htm>



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

- Districts may be required to amend their budgets
- Districts may now be required to have a federal A-133 audit
- Watch for future Webinars on detailed financial requirements, auditing requirements, and bonds



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

Funding and Disbursements

MARY MORRISON

Division Supervisor

(217-782-5256)



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

ARRA and Regular Revenue Codes

Program Name	ARRA Revenue Code	Regular Revenue Code
ARRA General State Aid-Education Stabilization Fund	4850	3001
ARRA Title I Low Income	4851	4300
ARRA Title I Neglected - Private	4852	4305
ARRA Title I Delinquent - Private	4853	4306
ARRA Title I School Improvement (Part A)	4854	4331
ARRA Title I School Improvement (1003g)	4855	4339
ARRA IDEA Part B Preschool	4856	4600
ARRA IDEA Part B Flow Through	4857	4620
ARRA Title II D Technology Formula	4860	4971
ARRA Title II D Technology Competitive	4861	4972
ARRA McKinney Veto Homeless Education	4862	4920
ARRA Child Nutrition Equipment Assistance	4863	new



LEA Allocations

- **Preliminary FY10 Allocations - Title I ARRA**

[http://www.isbe.net/funding/pdf/title I arra prelim fy10.pdf](http://www.isbe.net/funding/pdf/title%20I%20arra%20prelim%20fy10.pdf)

- **Preliminary FY10 Allocations - Title I Regular**

[http://www.isbe.net/funding/pdf/title I proj fy10.pdf](http://www.isbe.net/funding/pdf/title%20I%20proj%20fy10.pdf)

- **Preliminary FY10 IDEA Part B Flow Through & Preschool LEA allocations (ARRA & Regular)**

<http://www.isbe.net/funding/html/specialed.htm>

FY10 LEA ARRA Allocation Summary

http://www.isbe.net/arra/arra_summary_allocations.pdf



ARRA Funding & Applications

- **ARRA funds available FY09, FY10, and FY11**
- **ARRA projects require separate applications from Regular projects**
- **FY09 ARRA paper application (2 month project)**
- **FY10 & FY11 electronic applications, if part of eGMS**



ARRA Funding

- **ARRA funds were awarded as a FY10 grant, with carryover provisions into FY11.**
- **Carryover limit of 15% applies to both ARRA Title I funds and Regular Title I funds - 85% ARRA Title I Funds must be expended/obligated by Sept 30, 2010, with no more than 15% carryover to FY11 (school year 2010-2011). Same applies to Regular Title I funds.**



ARRA-General State Aid

- **Paid with State Fiscal Stabilization Fund (SFSF) Program funds**
- **ARRA-General State Aid**
 - **Second April payment**
 - **Two May payments**
 - **Two June payments**
- **Payments - Pursuant to Title XIV (Educ)**
- **ARRA-General State Aid - Revenue code 4850**
- **ARRA GSA - last 5 payments in FY09 are federal funds**
 - **Is an A-133 Single Audit required for FY09 ????**



ARRA funds may lead to additional audit requirements

- **A-133 audits are required for entities with federal expenditures of \$500,000 or more from all sources (direct and indirect)**
- **ARRA funds are federal and must be included in determining if entity meets \$500,000 threshold**
- **Many districts/joint agreements previously exempt may now be required to have an A-133 audit**

http://www.isbe.net/funding/pdf/potential_A133_audits.pdf



ARRA funds may lead to additional audit requirements

- CPA firms that perform A-133 audits must meet additional requirements**
- A-133 audits submitted using a non qualified CPA may be rejected by ISBE**
- For more information on A-133 audits and additional requirements for CPA firms performing A-133 audits go to:**

<http://www.isbe.net/funding/html/a133.htm>

http://www.isbe.net/funding/pdf/audit_qualifications.pdf

<http://www.isbe.net/funding/pdf/FRISfederalconfweb.pdf>



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

Special Education IDEA Part B

BETH HANSELMAN

Assistant Superintendent for Special Education and Support Services

(217-782-4870)



Uses of ARRA IDEA Part B Funds

- Must be consistent with the current IDEA Part B statutory and regulatory requirements.

http://www.isbe.net/spec-ed/pdfs/FY10_IDEA_PartB.pdf

- Funds should be used for short-term investments that have potential for long-term benefits



Possible ARRA uses:

- Assistive technology and training.
- Intensive district-wide professional development for special education.
- Develop and expand the capacity to collect and use data.
- Expand placement options for preschoolers.
- Hire transition coordinators.



Construction

- Federal guidance has indicated that ARRA IDEA funds may be used for construction *with prior approval from the State*.
- Applicants must consult with the Special Education Services Division prior to submitting any expenditure for this purpose.
- Expenditures will not be approved without prior consultation with your Grant Coordinator.



IDEA Construction Criteria

- **Comply with all Federal and State requirements regarding facility acquisition and construction.**
- **Provide appropriate special education and related services and aids and supports in the regular classroom to children with disabilities whenever appropriate.**
- **Used only to pay the excess costs of providing special education and related services to children with disabilities.**
- **Used to supplement State, local, and other Federal funds and not to supplant such funds.**
- **Not used to reduce the level of expenditures for the education of children with disabilities made by the local educational agency from local funds below the level of those expenditures for the preceding fiscal year.**
- **Used to coordinate this Act with other local, educational service agency, State, and Federal school improvement efforts in order to ensure that such children benefit from such efforts and that special education can become a service for children with disabilities rather than a place where they are sent.**



ARRA IDEA Part B Timeline

- FY10 ARRA Funds requested in FY09:
 - Funds are available to the administrative agent as early as May 1, 2009 by paper application.
 - ARRA Funds requested in FY09 must be used between May 1, 2009 and June 30, 2009.
- FY10 ARRA Funds:
 - eGrant applications will be available for FY10.
 - All funds are available until Sept. 30, 2011.



The 50% Rule

“An LEA may treat as local funds up to 50% of the amount of funds it is eligible to receive...from that appropriation that exceeds the amount from funds appropriated for the previous fiscal year that the LEA was eligible to receive”



For Example

FY09 IDEA Allocation = \$1,000,000

FY10 IDEA Allocation = \$1,000,000

FY10 ARRA IDEA Allocation = \$1,000,000

Total FY10 = \$2,000,000

Difference between FY09 and FY10 is \$1,000,000.

The 50% rule allows the district to use 50% of this amount or **\$500,000** to supplant local expenses.



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

Maintenance of Effort and the 50% Rule

The District's MOE is \$3,000,000 in FY09

The District's MOE is ~~\$3,000,000~~ in FY10
\$2,500,000

Since the 50 % rule allows the District to use \$500,000 to supplant local expenses, the district can subtract this amount from MOE and report the new total, \$2,500,000, as the FY10 MOE.



The Exception

§308.608 State Enforcement:

If an SEA determines that an LEA is not meeting the requirements of Part B of the Act, including the targets in the State's performance plan, the SEA must prohibit the LEA from reducing the LEA's Maintenance of effort...



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

Grants and Programs

GINA HOPPER

Division Administrator

(217-524-4832)



ARRA Title I, Part A

- \$420 million on top of normal FY09 allocation
- All Title I Rules Apply to ARRA Title I Funds
- Paper application to apply for funds in FY09 expected to be released in early May
- Electronic application in eGMS to apply for FY10



ARRA Title I, Part A Allocation Information

- A district will receive their total allocation regardless of which year they apply.
- LEA eligibility based on federal poverty data ($\geq 5\%$ poverty) – Targeted and FIG allocation.
- Links to allocation information can be found on slide 20.
- ARRA funds **MUST** be budgeted and tracked separately; therefore there will be two applications.
- Set Asides are still required. It is based on the combined Total Regular Title I Funds and ARRA Title I Funds



ARRA Title I Set Asides

- A district may reserve funds for certain reasonable and necessary services before allocating funds to schools.
- Funds set aside are deducted from the Total ARRA Title I allocation available for the LEA's use.
- Because the reservation of funds by an LEA will reduce the funds available for distribution to participating public schools as well as private schools, consultation with teachers, principals, parents, and private school officials must include discussion on necessary reservations.
- Timely and meaningful consultation with all applicable parties is required on use of funds.



ARRA Title I Set Asides Con't

LEAs must calculate the amount of funds to be set aside, if any, for the purposes noted below:

- ✓ Private School Non-instructional Costs
- ✓ General Administration of program
- ✓ Homeless Children
- ✓ Limited English Proficient (LEP)
- ✓ Neglected/Delinquent Children
- ✓ Parent Involvement (Districtwide)
- ✓ Preschool (Districtwide)
- ✓ Professional Development (Districtwide)
- ✓ Supplemental Educational Services and Transportation for School Choice



ARRA Title I Set Asides Con't

Other Set Asides *may* include:

- Summer school and intersession programs (for students attending participating school attendance areas)
- Coordinated services (vision screening, etc.)
- Set aside for salary/benefits differentials based on seniority

Unbudgeted Funds

- The amount of Title I funds available, but unbudgeted, must be included in set asides or attendance center allocations.
- For LEAs with Title I allocations greater than \$50,000 (ARRA + Regular), the unbudgeted funds must not exceed an amount greater than 15% of the current year Title I allocation.
- We are waiting on guidance from USDE if we are going to be granting any type of waivers associated with this program. Check the Superintendent's Weekly Bulletin to get an ARRA update on waivers.



ARRA Title I Set Asides Con't

- If an LEA serves any areas or schools below 35% poverty, the LEA must allocate to all its participating areas or schools an amount for each low-income child in each participating school that is at least 125% of the LEA's allocation per low-income child (Minimum Per Pupil Amount).
- The set asides will calculate Total Distribution Amount and Minimum Per Pupil Amount (if applicable).
- Total Distribution Amount = total available Title I dollars minus set aside and unbudgeted funds

Please contact the Grants and Programs Division at 217-524-4832 with further questions. Each school district is assigned a Principal Consultant who will help you with your application.



ARRA McKinney-Vento Homeless

- \$2,581,569 allocation available to school districts
- SEA received allocation based on FY07-08 reported homeless numbers
- Any districts that do not report homeless will not receive funds
- Funds need to be to the districts within 120 days, which will be no later than August 8, 2009
- Funds can be used for all 16 “Authorized Activities” in McKinney-Vento Homeless Assistance Act



Homeless Children and Youth Definition

The McKinney-Vento Act defines the term as individuals who lack a fixed, regular and adequate nighttime residence.

This includes sharing the housing of other persons due to loss of house, economic hardship or a similar reason often called doubling up; living in motels, hotels, trailer parks or campgrounds due to lack of alternate adequate accommodations; living in emergency or transitional shelters; abandoned in hospitals; or awaiting foster care placement.



McKinney-Vento Homeless ARRA

A few examples of the 16 “authorized” activities for ARRA McKinney-Vento funds:

- Tutoring and other academic enrichment programs
- Providing school supplies to eligible students at shelters, temporary housing facilities and other locations as appropriate
- Programs and other activities designed to raise awareness among educators and pupil services personnel.
- Referral of eligible students to medical, dental, mental and other health services
- Paying for excess cost of transportation not otherwise provided through Federal, State or local funds to enable student to attend schools.
- Programs coordinating services provided by schools and other agencies

<http://www.ed.gov/programs/homeless/guidance.pdf> (Section L)



Illinois State Board of Education

Jesse Ruiz, Board Chair

Dr. Christopher Koch, State Superintendent

ARRA Resources

- **ISBE ARRA Webpage:**

<http://www.isbe.net/arra/default.htm>

- **Illinois ARRA Webpage:**

<http://www.illinois.gov/recovery/>

- **ED ARRA webpage:**

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