

## **Summary and Analysis of Public Education Provisions in the 2-12-09 Conference Report on House Resolution 1, the American Recovery and Reinvestment Act of 2009 (ARRA)**

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*Live links are provided below to sections of relevant statutes and U.S. DOEEd guidance. ARRA page numbers are indicated below as "P\_\_". The full ARRA text is available online at [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1enr.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf).*

### **SUMMARY**

ARRA provides funding for PreK-12 public education through at least 16 different current and new grant programs. These programs are listed below in the following order:

1. Programs related to the Elementary and Secondary Education Act (ESEA)
2. Programs related to the Individuals with Disabilities Education Act (IDEA)
3. The Fiscal Stabilization Fund created by ARRA.
4. Other programs.

Funding will come from federal funding appropriated in 2009 for use by states and school districts through 2010.

The total amount of education funding in ARRA for all states is about \$100 billion.

Pennsylvania will receive at least the following, totaling about \$2.8 billion:

- \$399 million for Targeted Grants under Title I, ESEA
- \$121 million for School Improvement Grants under Title I, ESEA
- \$25 million for Education Technology Grants under Title II, ESEA
- \$1.3 million for McKinney-Vento Homeless Assistance
- \$427 million for IDEA, Part B (PreK-12)
- \$14 million for IDEA, Part C (early childhood)
- \$1.9 billion from the Fiscal Stabilization Fund (for any of the programs listed above)

Guidance published by the PA Dept. of Education for distribution and use of stimulus funding by school districts should be consistent with the federal rules. The PA guidance issued to date provides priorities and definitions for implementing the ARRA.

### **FUNDING DISTRIBUTION** (<http://www.ed.gov/policy/gen/leg/recovery/implementation.html>)

For several programs – Title I, Part A; IDEA, Part B and Part C; and Vocational Rehabilitation – half of the stimulus funding will be released by the federal government to states by the end of March, mostly without new applications. Stabilization Fund state application guidelines, for 67% of the Fund, will be available to states by the end of March. Stabilization resources will be released within two weeks after receipt of an “approvable application.” The remainder of the funding from these major sources will be released to states upon application between July 1 and September 30. Stimulus funding for several other programs will be available by the fall of 2009.

### **WEB LINKS**

General Federal Site <http://www.recovery.gov/>

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

General State Site <http://www.recovery.pa.gov/>

State Ed. Details [http://www.pdeinfo.state.pa.us/education\\_budget/cwp/view.asp?a=3&Q=148704](http://www.pdeinfo.state.pa.us/education_budget/cwp/view.asp?a=3&Q=148704)

Conference Report [http://www.rules.house.gov/bills\\_details.aspx?NewsID=4149](http://www.rules.house.gov/bills_details.aspx?NewsID=4149)

## **Programs related to the Elementary and Secondary Education Act (ESEA) and McKinney-Vento Homeless Assistance Act**

### Title I of the Elementary and Secondary Education Act

(Division A, Title VIII, P67)

\$13 billion in total.

Federal guidance at <http://www.ed.gov/policy/gen/leg/recovery/factsheet/title-i.html>

Accountability – LEAs receiving this funding must report to the state by 12-1-09 a school-by-school listing of per-pupil educational expenditures from state and local sources during 2008-09. States must report this information to the U.S. Secretary by 3-31-10.

#### Section 1125. TARGETED GRANTS TO LOCAL EDUCATIONAL AGENCIES. (P67)

\$5 billion.

For Title I purposes in general.

This section provides a distribution formula for states based on the number and/or percentage of students in poverty. LEAs are eligible if they meet the minimum threshold for student poverty (about 5%).

#### Section 1125A. EDUCATION FINANCE INCENTIVE GRANT PROGRAM. (P67)

\$5 billion.

For Title I purposes in general.

This section has a different distribution formula for states, still based on student poverty but giving extra weight to states which have a higher state share of total expenditures and a higher level of funding equity between LEAs.

#### Section 1003(g). LOCAL SCHOOL IMPROVEMENT GRANTS. (P67)

\$3 billion.

For reform of schools pursuant to [Section 1116](#), including schools in school improvement, corrective action, or restructuring.

DOEd has great discretion in the allocation of these funds to states, including consideration of need and commitment to the lowest achieving schools.

### School Improvement Programs

(Division A, Title VIII, P68)

\$720 million in total.

#### Subpart 1, Part D, Title II of ESEA, State and Local Technology Grants.

\$650 million

For use of technology to improve academic instruction and achievement.

Distributed to states using the Title I, Part A formulae, with the state allocating to LEAs in two parts: half of state amount by Title I percentages and half by competitive grants.

Priority given to high poverty LEAs.

#### Subtitle B, Title VII, [McKinney-Vento Homeless Assistance Act](#).

\$70 million.

Distributed to states based on 2007-08 ratio of homeless students in each state to national total. States may distribute to LEAs based on either competitive grants or the number of homeless students in each LEA. Received by states within 60 days and allocated to LEAs within additional 120 days.

### Innovation and Improvement

(Division A, Title VIII, P68)

\$200 million.

For [subpart 1, part D of title V](#), ESEA, Fund for the Improvement of Education. This subpart normally funds a variety of activities, including systemic reform for academic achievement and parent and community involvement, school-based decision-making and school choice, awards to LEAs closing achievement gaps, contracts with private management organizations for school reform.

ARRA limits the use of this funding to competitive grants to LEAs (including partnerships with non-profits) to develop and implement performance-based teacher and principal compensation systems in high-need schools. Such performance-based compensation systems must consider gains in student academic achievement as well as classroom evaluations conducted multiple times during each school year among other factors and provide educators with incentives to take on additional responsibilities and leadership roles.

### Impact Aid

(Division A, Title VIII, P67)

\$100 million.

For [Section 8007](#) of Title VIII or ESEA, SCHOOL FACILITY EMERGENCY AND MODERNIZATION GRANTS.

Provides federal grants directly to LEAs upon application for construction or modernization projects benefiting disadvantaged students and focusing on addressing health and safety threats, class size reduction, and access to up-to-date curriculum and academic standards.

40% distributed based on formula grants using the number of students with parents on active military duty or residing on Indian lands.

60% distributed based on competitive grants to eligible LEAs, using the LEA's capacity to issue bonds.

## **Programs related to the Individuals with Disabilities Education Act (IDEA) and the Rehabilitation Act**

### Individuals with Disabilities Education Act (IDEA)

(Division A, Title VIII, P68)

\$12.2 billion in total.

Federal guidance at <http://www.ed.gov/policy/gen/leg/recovery/factsheet/idea.html>

Section 611, Part B, IDEA (PreK-12 programs)

\$11.3 billion

For any use within Part B.

Allocated both to states and within states using the normal formulas, which – after ensuring that no LEA receives less than in prior years – is based on a combination of total student enrollment, enrollment of students eligible for special education, and the number of students in poverty.

Section 619, Part B, IDEA (Preschool programs)

\$400 million

For any use within this Section.

Part C, IDEA (Infants and Toddlers)

\$500 million

For any use within Part C.

### Rehabilitation Act

(Division A, Title VIII, P69)

\$680 million in total.

Some of these services benefit students with disabilities, especially students aged 14 or older for transition services.

Part B, Basic Vocational Rehabilitation Services

\$540 million

Parts B and C, Chapters 1 and 2, TITLE VII, INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING

\$140 million

## Fiscal Stabilization Fund created by ARRA

(Division A, Title XIV, P165)

\$53.6 billion in total.

Federal guidance at <http://www.ed.gov/policy/gen/leg/recovery/factsheet/stabilization-fund.html>.

Allocated to states based on population aged 5-24 (61% of Fund) and total population (39% of Fund).

Distributed within each state for:

- Safety, modernization, renovation, or repair (especially green projects) of public education and higher education facilities (18.2% of total received); and
- Early childhood, elementary, secondary, and postsecondary education programs (81.8% of total received), with emphasis on (a) meeting state academic and achievement standards (including achievement and graduation rates) for disaggregated student groups in high-need LEAs; (b) improving for low-income and minority students the distribution of teachers who are highly qualified, inexperienced, unqualified, and out-of-field; (c) longitudinal data systems; (d) enhancing the quality of academic content standards and assessments, especially for students with disabilities and English language learners; and (e) compliance with NCLB requirements for schools in corrective action and restructuring status. Priorities for state use of these funds must comply with the following:

### SEC. 14002. STATE USES OF FUNDS.

(a) EDUCATION FUND. (2) RESTORING STATE SUPPORT FOR EDUCATION.—

(A) IN GENERAL.—The Governor shall first use the funds described in paragraph (1)—

**{1<sup>ST</sup> USE/K-12}** (i) to provide the amount of funds, through the State's primary elementary and secondary funding formulae [*NOTE that more than one formula can be used and that these formulae can be created at any time.*], that is needed—

PA may only have a small amount of funding that can be used for the 1<sup>st</sup> and 2<sup>nd</sup> uses, since no cuts have occurred and no increases enacted.

(I) to restore, in each of fiscal years 2009, 2010, and 2011, the level of State support provided through such formulae to the greater of the fiscal year 2008 or fiscal year 2009 level; and

(II) where applicable, to allow existing State formulae increases [*NOTE that this subsection applies to "increases" enacted under state law by 10-1-08, not to the overall formula adopted by that date.*] to support elementary and secondary education for fiscal years 2010 and 2011 to be implemented and allow funding for phasing in State equity and adequacy adjustments, if such increases were enacted pursuant to State law prior to October 1, 2008.

**{2<sup>ND</sup> USE/UNIV}** (ii) to provide, in each of fiscal years 2009, 2010, and 2011, the amount of funds to public institutions of higher education in the State that is needed to restore State support for such institutions (excluding tuition and fees paid by students) to the greater of the fiscal year 2008 or fiscal year 2009 level.

(B) SHORTFALL.—If the Governor determines that the amount of funds available under paragraph (1) is insufficient to support, in each of fiscal years 2009, 2010, and 2011, public elementary, secondary, and higher education at the levels described in clauses (i) and (ii) of subparagraph (A), the Governor shall allocate those funds between those clauses in proportion to the relative shortfall in State support for the education sectors described in those clauses.

(C) FISCAL YEAR.—For purposes of this paragraph, the term "fiscal year" shall have the meaning given such term under State law.

**{3<sup>RD</sup> USE}** (3) SUBGRANTS TO IMPROVE BASIC PROGRAMS OPERATED BY LOCAL EDUCATIONAL AGENCIES.—After carrying out paragraph (2), the Governor shall use any funds remaining under paragraph (1) to provide local educational agencies in the State with subgrants based on their relative shares of funding under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the most recent year for which data are available.

PA may need to use most funding for the 3<sup>rd</sup> use. Section 14003 allows funds to be used for LEA programs normally authorized by ESEA, IDEA, adult and family literacy, career and technical education, and facility modernization, renovation, or repair. Prohibited uses include maintenance, athletics, vehicles, administration facilities, and private school costs. The distribution formula used by states should be "based on" the Title I, ESEA formulae, although some flexibility may exist and non-ESEA uses are allowed.

\$5 billion of the Fund will be used for additional federal grants to states:

State Incentive Grants for states making significant progress in meeting the objectives of the Fund (teacher distribution equity, collection and use of data, improving standards and assessments, corrective action and restructuring schools).

Innovation Fund for LEA or LEA/non-profit partnerships. (\$650 million). For making significant gains in closing achievement gaps for all student groups over at least 2 consecutive years, as well as making progress in other areas such as graduation rates and teacher distribution.

- Accountability Provisions.

Each state must file an annual report showing the use of funds and progress in meeting the objectives of the Fund, in addition to the regular reports required by ESEA, IDEA, and other federal grants.

## **Other Programs**

### National School Lunch Program

(Division A, Title I, P5)

\$100 million.

For “equipment assistance” through competitive grants to states based on need for such assistance.

Priority given to schools with not less than 50% of eligible students.

### YouthBuild, Training and Employment Services, Workforce Investment Act

(Division A, Title VIII, P59)

\$50 million.

For any YouthBuild activities.

Expands the eligibility of individuals for the 2008-09 and 2009-10 years to include individuals who dropped out of high school and re-enrolled in an alternative school as part of a sequential service strategy.

### Trade Adjustment Assistance for Communities

(Division B, Title I, P287)

\$5 million per community.

Potentially used to improve elementary and secondary education.

### Tax Credit Bonds for School Construction

(Division B, Title I, P241)

\$11 billion.

Distributed by U.S. DOEd.

## **Provisions for Maintenance of Effort and Supplement/Supplant**

With the following exception, ARRA does not change any of the existing rules for maintenance of effort and supplement/supplant within Title I, IDEA, or other education programs.

The Stabilization Fund allows its resources to be counted as non-federal funds when calculating maintenance of effort for other education grant programs (Title I, IDEA, etc.), as long as: (1) the overall level of effort in that program is not reduced in the following year; and (2) the total state level of effort for K-12 is not less than FY 2006. The second condition can be waived by U.S. DOEd, as long as the state share of total K-12 spending does not decline more than the decline in revenues available. (Division A, Title XIV, Section 14012, P171-2)