

# State Opportunities under the American Recovery and Reinvestment Act:

## *K-12 Education*

### *Summary*

Of the \$115 billion appropriated to education in the American Recovery and Reinvestment Act (ARRA), approximately \$27 billion is intended to be spent directly on nine K-12 education programs over two years. The U.S. Department of Education's distribution strategy, "balances the need for speed and economic stimulus with the need for aggressive education improvement to drive our nation's long-term economic well-being."

The purposes of all nine K-12 programs should be familiar to states. The largest of these are the well-known Individuals with Disabilities in Education Act (IDEA) and Title I of the Elementary and Secondary Education Act of 1965 (ESEA or Title I). The House Education and Labor Committee has posted the state and district estimates at its website [here](#).

Most of these funds are allocated by formula directly to local education agencies. Except for a few considerations noted below, states do not have much discretion in how these funds are spent. However, governors should consider the following issues:

- First, large amounts of new money are now available for turning around chronically low-performing schools. School Improvement Grants do not have to be allocated to LEAs by formula.
- Second, states will be able to apply for \$250 million in additional funds in the Teacher Incentive Fund. Details are not yet available about how these grant competitions will be structured. Governors, working with their state education agencies, will have the opportunity to develop new ideas around improving teacher effectiveness.
- Third, \$245 million will be available to states to improve their data systems. Even states that have already received grants from the Institute of Education Sciences will be eligible. These grants will enable governors to provide the baseline data on the five assurances that they must make in order to receive State Stabilization funds. As states think about applying for these funds, governors will also need to consider which policy questions can and cannot be answered with the current data system.
- Finally, to make the most of the *temporary* increase in funding provided under ARRA, governors should strongly encourage LEAs to invest the new dollars in *existing* programs with a high rate of proven return on public dollars. Extended learning opportunities, in-school counselors, and dropout prevention programs all have an economic benefit of \$3-\$5 for every \$1 spent.

## **1 Individuals with Disabilities Act, Parts B&C**

### **1.1 Purpose**

- The Individuals with Disabilities Education Act (IDEA) is a law ensuring services to children with disabilities throughout the nation. IDEA governs how states and public

agencies provide early intervention, special education and related services to more than 6.5 million eligible infants, toddlers, children and youth with disabilities.

- Infants and toddlers with disabilities (birth-2) and their families receive early intervention services under IDEA Part C. Children and youth (ages 3-21) receive special education and related services under IDEA Part B.

## **1.2 Funding Levels**

- ARRA funding for IDEA, Parts B&C represents a 100 percent increase on top of FY 2008 and proposed FY 2009 allocations. For state-by-state estimates, click [here](#).
- Available 2009-2011: \$12,200,000,000

## **1.2 FY 2008 & 2009 Appropriations**

- FY2008: \$11,757,264,000
- FY2009 (House Passed Omnibus): \$12,318,737,000

## **1.4 Mechanism and Use of ARRA Funds**

- 50 percent of each state's IDEA, Part B recovery funds will be awarded by the end of March 2009. Both IDEA, Part B & Part C will be awarded by the existing formula. If a state should reach its maximum allocation under Section 611(d)(3)(B)(iii), states must return the funds so that they can be reallocated to other states.
- Guidelines on the use of Part C funds will be available by the end of March 2009.
- By July 1, 2009, the Secretary of Education shall reserve the amount needed for grants under section 643(e) of the IDEA, with any remaining funds allocated in accordance with section 643(c) of the IDEA.

## **1.5 Considerations for Governors**

- None at this time. State agencies serve as a pass-through of these funds to LEAs.

# **2 Title I Formula Grants**

## **2.1 Purpose**

- Title I of the Elementary and Secondary Education Act of 1965, provides financial assistance to local education agencies (LEAs) to meet the special needs of educationally disadvantaged children who live in areas with high concentrations of children from low-income families.

## **2.2 Funding Levels**

- ARRA funding for Title I Formula Grants represents a 36 percent increase on top of FY 2008 and proposed FY 2009 allocations. For state-by-state estimates, click [here](#)
- Available 2009-2011: \$10,000,000,000

## **2.3 FY 2008 & 2009 Appropriations**

- FY2008: \$13,898,874,505
- FY2009 (House Passed Omnibus): \$14,492,401,000

## **2.4 Mechanism and Use of ARRA Funds**

- 50 percent of each state’s Title I, Part A recovery funds will be awarded by the end of March 2009. These funds will be awarded under each state’s existing approved 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. Up-to-date information on Title I, Part A recovery funds can be found at [www.ed.gov/recovery](http://www.ed.gov/recovery)
- Title I Formula Grants: Will be allocated to local education agencies (LEAs) based on prior poverty and population formulas. States are expected to use some of the funding for early childhood programs and activities, but amounts are unspecified.
- Each LEA that receives funding shall report to its SEA a school-by-school listing of per-pupil expenditures from state and local services during the 2008-09 academic year no later than December 1, 2009. Each state must compile and submit this information to the U.S. Secretary of Education no later than March 1, 2010.

## **2.5 Considerations for Governors**

- State agencies serve as a pass-through of these funds to LEAs. However, in order to be eligible for the State Stabilization funds, governors need to make five assurances to the Secretary of Education, including one on state standards and assessments. States must provide baseline data on how they will: “Enhance academic assessments to comply with several ESEA provisions related to the inclusion of students with disabilities, limited English proficient students, and the provision of accommodations for those students to participate in assessments. Also, states must take steps to improve state academic standards and student academic achievement standards.” Thus, governors, working with their state education agencies, could strongly suggest that the additional Title I funds available be used to make progress on meeting this assurance.

# **3 Title I School Improvement Grants**

## **3.1 Purpose**

- School Improvement Grants are currently a four percent set-aside out of Title I Formula grants for states to use to improve low-performing schools. While most of the current SIG funds are directed to elementary and middle schools, in the *ARRA* conference report, Congress encourages states to use forty percent of these grants on middle and high schools. Currently, only six percent of Title I funds are spent in high schools.

## **3.2 Funding Levels**

- Available 2009-2011: \$3,000,000,000

### 3.3 FY 2008 & 2009 Appropriations

- FY2008: \$491,265,000
- FY2009 (House Passed Omnibus): \$545,633,000

### 3.4 Mechanism and Use of ARRA Funds

- Funds will not be made available until fall 2009, conditioned upon receipt of further information that will be outlined in future guidance.
- States must allocate these funds to LEA, but not by formula. Congress encourages 40 percent of funds to be spent in middle and high schools.
- In their initial applications for State Stabilization funds, governors need to make five assurances to the Secretary of Education, including one on supporting struggling schools. States must ensure compliance with the corrective action requirements in ESEA for chronically low-performing schools. (As of March 6, 2009, no date has been set for the State Stabilization application process to begin.)

### 3.5 Considerations for Governors

- Large amounts of new money are now available for turning around chronically low-performing schools. Previously, states only had a 4 percent set-aside of Title I A funds. The \$3 billion given to states in ARRA is **more than six times what was available**, and is equivalent to a 25 percent set-aside. States have some discretion on how these funds are directed. In the conference report, Congress indicated that states should spend 40 percent of these funds on low-performing middle and high schools. Section 1003 of the No Child Left Behind Act directs the state education agency to allocate 95 percent of these funds to local education agencies.
- However, **these funds do not have to be allocated by formula**. SEAs may give priority to LEAs that “demonstrate the strongest commitment to ensuring that such funds are used to enable the lowest achieving schools to meet the progress goals...” That is, states could direct these funds towards LEAs that are willing to participate in a state-led innovation zone, a transformation center, or literacy training for high school teachers. Also, with the approval of the LEA, the state may directly provide or arrange for the provision of school improvement work.
- Additional resources to consult:
  - [Accelerating the Agenda: Actions to Improve America’s High Schools](#)
  - [Reading to Achieve: A Governor’s Guide to Adolescent Literacy](#)

## 4 Title II-D Education Technology State Grants

### 4.1 Purpose

- Title II Part D provides grants to SEAs and LEAs to increase access to educational technology, support the integration of technology into instruction, enhance technological literacy, and support technology-related professional development of teachers.

## **4.2 Funding Levels**

- Available 2009-2011: \$650,000,000

## **4.3 FY 2008 & 2009 Appropriations**

- FY2008: \$267,493,792
- FY2009 (House Passed Omnibus): \$269,872,000

## **4.4 Mechanism and Use of ARRA Funds**

- Funds will not be made available until fall 2009, conditioned upon receipt of further information that will be outlined in future guidance.
- Education Technology State Grants are awarded to states in proportion to Title I formula grants. At least 95 percent of state grants must be allocated to LEAs – with 50 percent distributed by a proportional formula and 50 percent awarded competitively. States may retain 5 percent for state-level activities, including technical assistance and administrative costs. Of this 5 percent, only 60 percent may be used toward administrative costs.

## **4.5 Considerations for Governors**

- One-half of education technology funding goes directly to LEAs; thus governors should ensure that LEAs use formula grants in alignment with existing state-level education technology plans. Any new programs created using these grants should not extend past the 2010-11 school year. The other half is dedicated to competitive grants. In awarding these grants, states should give highest consideration to LEAs that will use the funds to:
  - Support the expansion of technological infrastructure
  - Increase levels of access for students in high poverty schools
  - Develop or improve evaluations of technology programs
  - Support professional development opportunities for teachers through online courses or communities, virtual communication, etc.

# **5 Vocational Rehabilitation State Grants**

## **5.1 Purpose**

- The Vocational Rehabilitation (VR) State Grants program ensures that individuals with disabilities achieve employment consistent with their particular strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice.

## **5.2 Funding Levels**

- Available 2009-2011: \$540,000,000

## **5.3 FY 2008 & 2009 Appropriations**

- FY2008: \$2,874,043,000
- FY2009: \$2,974,635,000

## **5.4 Mechanism and Use of ARRA Funds**

- 50 percent of these funds will be available by the end of March 2009, as soon as guidelines are issued.

- Funds are distributed to states and territories based on a formula that takes into account population and per capita income to cover the cost of direct services and program administration. Grant funds are administered under an approved state plan by VR agencies designated by each state. The state-matching requirement is 21.3 percent; however, the state share is 50 percent for the cost of construction of a facility for community rehabilitation program purposes.

## **5.5 Considerations for Governors**

- None at this time.

# **6 Improved Data Collection**

## **6.1 Purpose**

- The Statewide Longitudinal Data System (SLDS) Grant Program, as authorized by the Educational Technical Assistance Act of 2002, Title II of the statute that created the Institute of Education Sciences (IES), is designed to aid state education agencies in developing and implementing longitudinal data systems. These systems are intended to enhance the ability of States to efficiently and accurately manage, analyze, and use education data, including individual student records. The data systems developed with funds from these grants should help States, districts, schools, and teachers make data-driven decisions to improve student learning, as well as facilitate research to increase student achievement and close achievement gaps.

## **6.2 Funding Levels**

- Available 2009-2011: \$245,000,000

## **6.3 FY 2008 & 2009 Appropriations**

- FY2008: \$48,293,000
- FY2009 (House Passed Omnibus): \$65,000,000

## **6.4 Mechanism and Use of ARRA Funds**

- Improved Data Collection: \$245,000,000 will be awarded competitively in the fall of 2009, to public or private organizations, or state agencies to improve data systems. This will help states meet the assurance required for the State Stabilization Fund that each state will establish the elements of a longitudinal data system, as outlined in the America COMPETES Act.

## **6.5 Considerations for Governors**

- As they apply for the State Stabilization funds, governors need to make five assurances to the Secretary of Education, including one on establishing a longitudinal data system that includes the elements described in the America COMPETES Act. Governors should ensure that any proposal for these data system funds will put the state on a path to meeting this assurance.
- The Institute of Education Sciences will distribute the \$245 million in competitive grants to states to help them implement longitudinal data systems. As states think about applying for these funds, governors will need to consider which policy questions can and cannot be answered with the current data system. For instance, only seventeen states can answer

questions about students' course taking patterns. Only two states report how well high school students are doing once they have moved on to college and the workplace.

- The NGA Center is a member of the [Data Quality Campaign](#) and will continue to provide guidance to governors' offices on this issue.

## **7 Title V Teacher Incentive Funds (TIF)**

### **7.1 Purpose**

- This program supports efforts to develop and implement performance-based teacher and principal compensation systems in high-need schools.

### **7.2 Funding Levels**

- Available 2009-2011: \$200,000,000

### **7.3 FY 2008 & 2009 Appropriations**

- FY2008: \$97,270,470
- FY2009: \$97,240,470

### **7.4 Mechanism and Use of ARRA Funds**

- Awarded competitively in the fall of 2009. Both states and school districts are encouraged to develop and implement innovative principal and teacher compensation models. One percent can be kept by the state for management and oversight.

### **7.5 Considerations for Governors**

- As they apply for the State Stabilization funds, governors need to make five assurances to the Secretary of Education, including one on teacher effectiveness. States must take action to address inequities between the distribution of teachers in high-and low-poverty schools, and to ensure that low-income and minority children are not taught at a higher rates than other children by inexperienced, unqualified, and out-of-field teachers. Governors should ensure that any proposal for these TIF funds will put the state on a path to meeting this assurance.
- States and LEAs that submit grants for TIF funding should consider using the recovery funds to conduct experiments and demonstration projects in compensation. In this way, states and LEAs will minimize the "funding cliff" once the recovery funds are spent. The knowledge gained can be used to inform future policies, once permanent funding streams are made available.

Additional resources to consult:

- [Improving Teaching for Pay Through Contribution](#)

## **8 Title I Impact Aid (Facilities Maintenance & Property)**

### **8.1 Purpose**

- Impact Aid compensates local education agencies (LEAs) for loss of traditional revenue sources, such as property taxes, due to federal land ownership or other federal activity.

ARRA modifies current law to allow for greater participation of LEAs whose parents are associated with the military and students residing on tribal lands.

## **8.2 Funding Levels**

- Available 2009-2011: \$100,000,000

## **8.3 FY 2008 & 2009 Appropriations (Sections 8008, 8007, 8002)**

- FY2008: \$86,581,000
- FY2009 (house Passed Omnibus): \$86,581,000

## **8.4 Mechanism and Use of ARRA Funds**

- All of the formula funds will be available by the end of March, 2009.
- Title I Impact Aid: Intended for school modernization efforts in 960 schools nationwide. 40 percent is to be distributed to LEAs based on existing formulas for school construction. The remaining 60 percent will be awarded as competitive grants to LEAs by the U.S. Secretary of Education.

## **8.5 Considerations for Governors**

- None. State agencies serve as a pass-through of these funds to LEAs.

# **9 McKinney-Vento Homeless Assistance Act**

## **9.1 Purpose**

- McKinney-Vento is the primary piece of federal legislation dealing with the education of children and youth experiencing homelessness in U.S. public schools. It was reauthorized as Title X, Part C, of the Elementary and Secondary Education Act in January 2002.

## **9.2 Funding Levels**

- Available 2009-2011: \$70,000,000

## **9.3 FY 2008 & 2009 Appropriations**

- FY2008: \$64,066,851
- FY2009 (House Passed Omnibus): \$65,427,000

## **9.4 Mechanism and Use of ARRA Funds**

- All of the formula funds will be available by the end of March, 2009.
- Formula grants are made to the states, based on each state's share of Title I, Part A, funds. States must make competitive sub-grants to LEAs to facilitate the enrollment, attendance, and success in school of homeless children and youths.

## **9.5 Considerations for Governors**

- None at this time.