



The American Association of School Administrators



## Education Policy and the Economy

**The Stimulus  
And how it will impact you.....**



*Mary Kusler  
American Association  
of School Administrators  
May 21, 2009*

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## American Recovery & Reinvestment Act

Goals of the money:

1. Spend funds quickly to save and create jobs.
2. Improve student achievement through school improvement and reform.
3. Ensure transparency, reporting and accountability.
4. Invest \$ thoughtfully to minimize funding cliff.

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## But before we get there....



- On Thursday, May 7<sup>th</sup> President Obama released the details of his budget plan.
- Education received a \$1.3 billion increase but the majority of that is in new programs.
- Early Childhood and encouraging quality teaching get a boost.
- Focus is on diminishing or eliminating formula dollars and pushing for more competitive grants at both the state and national level.

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### President Obama Budget Proposal

- Title I - \$1.5 billion cut (10% cut)
  - Proposes 3 programs: early childhood and high school focus
    - Early Childhood Challenge Grants - \$300 million
    - Title I Early Childhood Grants - \$500 million
    - High School Graduation Initiative - \$50 million
  - School Improvement - \$1 billion increase
    - States would be required to spend 40% of those dollars in middle and high schools.
- IDEA – level funded at \$11.505 billion
  - Down to 17% of national average per pupil expenditure

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### President Obama Budget Proposal

- Elimination of Safe and Drug Free Schools
  - Focus on national program with \$100 million increase for character education.
- Education Technology cut to \$100 million
  - 62% cut from FY 2009 down from \$918 in ARRA
- Teacher Incentive Fund - \$420 million increase
- Striving Readers - \$330 million increase
  - Create a new elementary reading program.
- Majority of other programs are level funded.

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### American Recovery & Reinvestment Act

- **\$11.3 billion** for IDEA, Part B;
  - Districts can reduce their local effort by an amount equal to 50 percent of the federal increase.
  - Reclaimed local dollars must be spent on activities authorized under ESEA
  - For instance, if your district gets a \$500,000 increase in IDEA, they could reduce their local effort in special education by \$250,000 providing that they use those dollars for activities in ESEA.
  - These funds should be **used for short-term investments with the potential for long-term benefits**. School districts should be careful to avoid expenditures they may not be able to sustain once the recovery funds are spent.
- **\$400 million** for IDEA, Section 619
- **\$500 million** for IDEA, Part C – Infants & Toddlers

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### Additional IDEA Flexibility

<p><b>Waivers for Construction</b></p> <ul style="list-style-type: none"> <li>The underlying IDEA statute grants the Secretary the ability to allow LEAs to use IDEA funds for purchasing equipment, construction and renovation (Sec. 300.718)</li> <li><b>How can YOU apply for an IDEA Construction, Renovation and Equipment Waiver?</b> <ul style="list-style-type: none"> <li>TBD – Watch for further guidance</li> </ul> </li> </ul>	<p><b>Early Intervening Services</b></p> <ul style="list-style-type: none"> <li>LEAs can use <b>up to 15% of their total IDEA Part B Grants</b> to States and Preschool Grants <b>for early intervening services</b></li> <li>An LEA can only use up to 15% of its allocation minus any amount by which the LEA reduced its required state and local expenditures (under section 613(a)(2)(C))</li> </ul>
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### Guidance on ARRA IDEA Funding

- Comprehensive Guidance Released on April 1, 2009.
- Must seek a determination from SEA of “Meets Requirements” in order to use 50% flexibility
  - Still working with states to see what this means.
  - New indicators not only measure FAPE but also performance.
- All districts will have to keep two sets of books for IDEA.
  - Need to separate regular IDEA \$ from ARRA IDEA \$.
- Additional information will be available on waiver process for equipment purchases and renovations under Section 605.

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### American Recovery & Reinvestment Act

- \$10 billion** for Title I;
  - State can reserve 4 percent for school improvement.
  - The new ESEA regulations will apply to the new dollars.
    - Districts will be permitted to apply for a waiver to prevent them from having to set aside funding, such as SES.
  - Need to report per pupil expenditure from state and local funds for every school by December 1, 2009.
- \$3 billion** for School Improvement Grants;
  - States should be spending these dollars on schools in need of improvement.
  - 40% of this money should be spent on middle and high schools.

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### Guidance on ARRA Title I Funding

- Title I guidance released on April 1, 2009.
- Districts will still have to separate ARRA Title I \$ from regular Title I \$.
- Maximum flexibility without violating supplement not supplant.
  - Demonstrate reduction in non-federal \$ for activities previously paid for by the local.
  - If you were going to eliminate an activity without counting on new Title I funding, you would need documentation.
  - A staffer paid from local funds could be shifted to Title I purposes and therefore paid with Title I funds.
- Waiver allowed for 20% set aside for choice and SES.

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### American Recovery & Reinvestment Act

- **\$650 million** for Title II, Part D: Education Technology;
- **\$250 million** for states to develop longitudinal data systems;
- **\$200 million** for the Teacher Incentive Fund (including merit pay)
- **\$70 million** for the McKinney-Vento Homeless Act;
- **\$100 million** for Teacher Training, Title II of Higher Education Act

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### American Recovery & Reinvestment Act

- **\$53.6 billion** for a state stabilization fund, including
  - **\$39.5 billion** for states to fund cuts to K-12 and higher education;
    - Can spend anywhere in ESEA, IDEA, Perkins Career & Tech, Adult Family Literacy or for school modernization.
  - **\$5 billion “Race to the Top” Fund** to be based on distribution of teachers, creation of longitudinal data systems, development of assessments for special education and ELL and efforts in school improvement (including **\$650 million** innovation grants); and
  - **\$8.8 billion** for states to spend anywhere within their state budget, including education & school construction;

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**Race to the Top: How States Will Measure**

- Achieving Equity in Teacher Distribution
  - # of HQT – broken down by Free and Reduced Lunch data
  - % of teachers at each level of the evaluation system
  - % of teacher evaluations systems include student performance?
- Improving the Collection and Use of Data
  - Progress towards 12 elements in the COMPETES Act
  - % of teachers who receive reports at the school, classroom and individual student levels that include absolute data and growth compared to last year.

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**Race to the Top: How States Will Measure**

- Regarding Standards and Assessments
  - Comparison of state achievement data compared to NAEP
  - % of ELL and IDEA students assessed and how many take alternative assessments?
  - % of students who graduate high school and complete 1 year of college credit within 2 years.
- Supporting Struggling Schools
  - % of schools within the bottom 1% of performing schools who have turned around, been reconstituted or closed in the last 3 years.
  - % of schools in restructuring that have improved.
  - # of charter school in the state? Is there a state cap?

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**Guidance on ARRA Stabilization Funding**

- State Fiscal Stabilization Fund guidance released on April 1, 2009.
- No games allowed for Governors. Has consequences.
- Governors are allowed to add requirements to the application for SFSF but cannot restrict how a district spends the dollars.
- States cannot disproportionately reduce their effort in education and expect to receive a wavier for their maintenance of effort in Title I and IDEA.
- Should be used in concert with all other funding sources.

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### American Recovery & Reinvestment Act

School Modernization

- **\$24.8 Billion** for QZABs and Bonds for New Construction
  - \$22 billion in tax credit bonds for new construction, distributed via Title I formula to states.
  - 100 largest, poorest school districts are guaranteed part 40% of their state’s bond allocation.
  - \$2.8 Billion for expansion of the QZAB program.
- *House Education and Labor Committee just approved a direct grant program for modernization and renovation of schools with a focus on green projects.*

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### American Recovery & Reinvestment Act

- **\$89 billion** for Federal Medicaid Assistant Payments, FMAP, which will provide necessary relief and reduce competition for limited state dollars between Medicaid and education; and
- **\$7.2 billion** for broadband deployment.
- Extension of the **Medicaid Regulations** moratoria until June 30, 2009.
  - Rule just released to rescind the Medicaid Regulations. We need comments in support to HHS!

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### Heading Toward Implementation

- Focus is on transparency with a fast spend out.
- All expenditure of ARRA funds will be listed on a federal website.
- First half of Title I and IDEA dollars flowed to states on April 1, 2009.
  - States are required to pass down Title \$ by end of April.
- Second half of Title I and IDEA dollars will flow by September 30, 2009.
- 85% of Title I and IDEA funds must be obligated by September 30, 2010 with the remainder obligated by September 30, 2011.

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**For More Information...**

US Department of Education ARRA Website  
[www.ed.gov/policy/gen/leg/recovery/index.html](http://www.ed.gov/policy/gen/leg/recovery/index.html)

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**Next Steps: Time for You to Get Involved**

- Weigh in with your Congressional delegation on the proposed cuts to Education Funding!
- Watch in the coming days for additional information from AASA on the stimulus.
- Send us your implementation questions.
  - We will try to get them answered.
- Looking for examples of innovative uses.
- Work at the state level to ensure maximum \$\$ to K-12 education.
- Spend these dollars quickly but carefully.
  - This will be the baseline for all future education increases. If we do it right it will be easier to secure dollars in the future.




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**Any questions?**

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