

# Update on the American Recovery and Reinvestment Act of 2009 (ARRA)

Presented to the  
Senate Finance Education Subcommittee

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# ARRA Overview

- **The federal stimulus law – the American Recovery and Reinvestment Act of 2009 (ARRA) – was enacted on February 17, 2009.**
- **Significant amounts of formula funding for public education under the law have been awarded to Virginia and allocated to school divisions since last spring.**
- **Competitive grants – with extensive requirements – focusing on education reforms will become open for application over the next several months.**

# ARRA Overview

- **In addition to the goals of creating jobs and transparency/accountability, ARRA contains four core educational reform areas:**
  - ✓ **rigorous college- and career-ready standards and high quality assessments;**
  - ✓ **longitudinal student and teacher data systems that meet federal requirements;**
  - ✓ **improving teacher quality and equitable distribution of effective teachers across schools; and**
  - ✓ **providing intensive support and interventions for low-performing schools.**

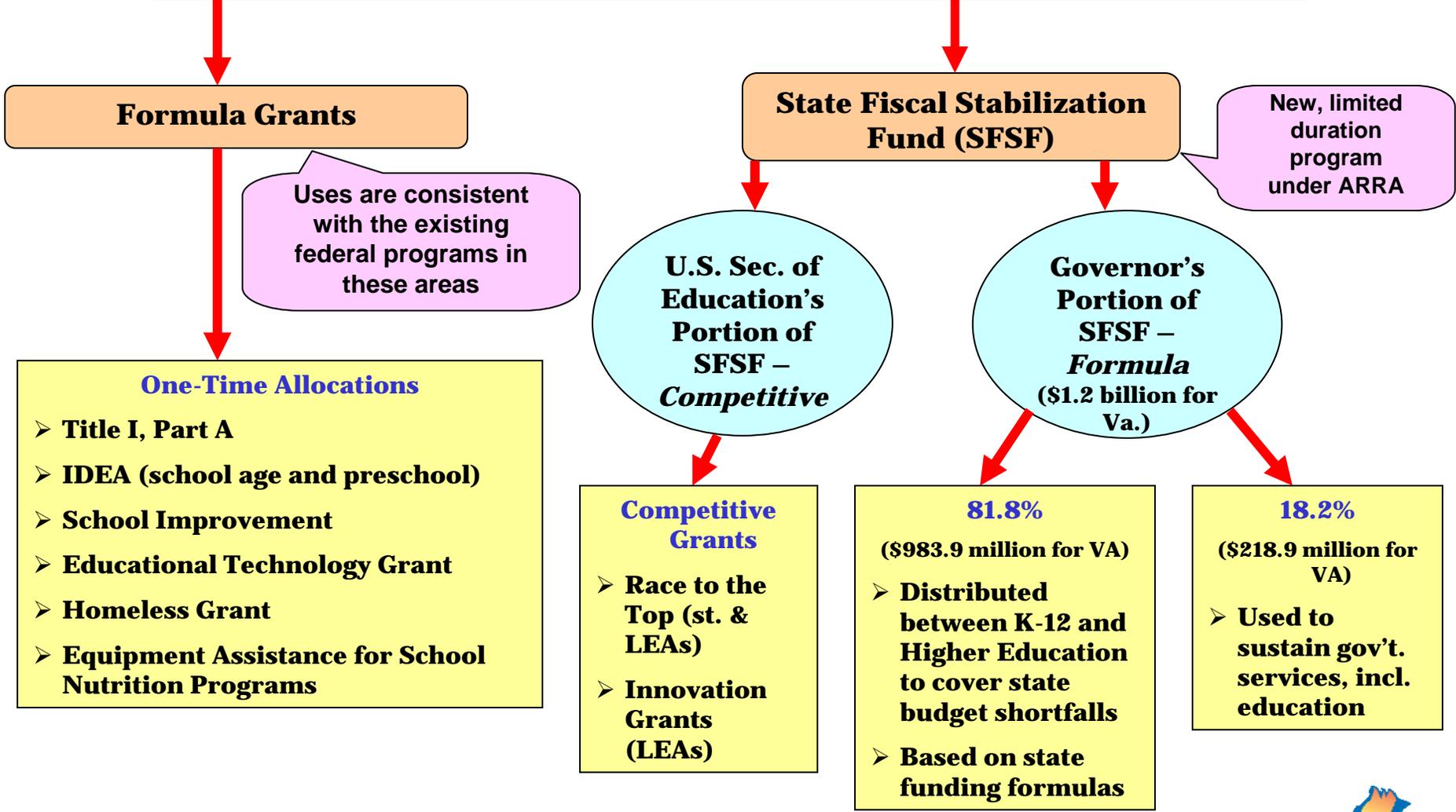
# ARRA Overview

- **ARRA includes both formula and competitive grants for K-12 education.**
  
- **The largest formula grants are:**
  - ✓ **State Fiscal Stabilization Fund (SFSF) – K-12 & higher ed.;**
  - ✓ **Title I, Part A; and**
  - ✓ **Individuals with Disabilities Education Act, Part B (IDEA).**

# ARRA Overview

- **ARRA funds available for obligation by divisions/higher ed. through Sept. 30, 2011.**
- **ARRA funds are strictly federal funds, each grant accounted for separately, and funds paid on a reimbursement basis only.**
- **Include extensive reporting requirements (ARRA Section 1512).**
- **Limited funding for state-level administration.**

# American Recovery and Reinvestment Act (ARRA) “Stimulus Funds”



- One-Time Allocations**
- Title I, Part A
  - IDEA (school age and preschool)
  - School Improvement
  - Educational Technology Grant
  - Homeless Grant
  - Equipment Assistance for School Nutrition Programs

- Competitive Grants**
- Race to the Top (st. & LEAs)
  - Innovation Grants (LEAs)

- 81.8%**  
(\$983.9 million for VA)
- Distributed between K-12 and Higher Education to cover state budget shortfalls
  - Based on state funding formulas

- 18.2%**  
(\$218.9 million for VA)
- Used to sustain gov't. services, incl. education

# ARRA Formula Funding

- **ARRA formula grants that have been awarded to Virginia by US DOE include:**
  - ✓ **State Fiscal Stabilization Fund (\$1.2B - total for Ed. & Gov't. Services Funds - have received 67% or \$805.9 million);**
  - ✓ **Title I, Part A (\$164.5M);**
  - ✓ **Title 1 School Improvement (\$50.6M - pending);**
  - ✓ **IDEA, Part B State Grants (\$281.4M);**
  - ✓ **IDEA, Part B Preschool Grants (\$9.5M);**
  - ✓ **Educational Technology (\$10.8M - 50% formula, 50% competitive);**
  - ✓ **Education for Homeless (\$1.1M); and**
  - ✓ **Equipment Assistance for School Nutrition Programs (\$1.9M - from USDA).**

# ARRA Formula Funding: SFSF

- **State Fiscal Stabilization (SFSF) Education funds used to restore K-12 and higher ed. funding in FY09, FY10, & FY11 to the greater of the FY08 or FY09 level.**
- **Va's. approved funding allocation between K-12 & higher ed. is based on the restoration amounts included in the approved application.**
- **2009 General Assembly allocated \$365.2M of the K-12 portion to divisions for FY10 based on the proportion of targeted state funding reductions to divisions in FY10; higher ed. FY10 allocation is \$126M.**
- **VDOE administering all of the SFSF funding: K-12, higher ed., and Government Services.**

# ARRA Formula Funding: SFSF

- **To receive SFSF Phase I funds (first 67%), the Governor and state superintendent had to sign application assurances that the state is making/will make progress in the four core reform areas.**
- **States must submit an application to receive remaining funding (Phase II) which will require extensive reporting and follow-up efforts to document progress on the four core reform assurances. Application requirements and timelines are being finalized.**
- **For example, details on teacher and principal performance evaluation systems, individual teacher impact on student achievement, and capacity of longitudinal data systems to match teachers to students and integrate with higher education data systems must be reported and progress tracked.**
- **Governor and state superintendent provided public comment on proposed application and reporting process.**

# ARRA Formula Funding: SFSF MOE

- **SFSF requires Maintenance of Effort of state funding for K-12 and higher ed. at FY06 levels.**
- **State funding for higher ed. does not meet FY06 MOE when reductions in September Reduction Plan considered.**
- **Governor intending to file MOE waiver with US DOE to maintain funding eligibility.**

# ARRA Competitive Grants

- **Competitive grants from Secretary of Education's portion of SFSF:**

- ✓ **Race to the Top - \$4.35B national competition for grants to states making most progress toward the four reform assurances and effectively using other ARRA funds; 50% of funds distributed to LEAs.**

- ✓ **Innovation Grants - \$650M in competitive grants to LEAs/non-profits to start or expand research-based programs to serve as best practices towards closing the achievement gap and improving student achievement; requires match.**

- **Other Competitive Grants:**

- ✓ **Teacher Incentive Fund – develop compensation incentive models (\$200M); and**

- ✓ **Statewide Data Systems – support for development of longitudinal data systems (\$250M).**

- **Application requirements and timelines will be announced over the next few months.**

# ARRA Comp. Grants: Race to the Top

- \$4.35B in competitive grants to states.
- 50% or more must be subgrants to LEAs.
  - ✓ Funds to LEAs based on relative shares of funding under Title I.
- Governor must apply – like SFSF Phase II, application will involve extensive reporting/tracking related to core areas.
- Incentives for comprehensive reform strategies across the four core areas.

# ARRA Comp. Grants: Race to the Top

- Grants available in two phases:
  - ✓ Phase 1 - open for applications late 2009, awards made early 2010.
  - ✓ Phase 2 - for states that need more time, open for applications late spring 2010, awards made September 2010.
- US DOE to announce final application requirements and timelines with the next month or so.

# ARRA Comp. Grants: Race to the Top

- Five proposed priority areas for selection:
  1. Comprehensive approach to the four ARRA reform areas (absolute);
  2. Emphasis on Science, Technology, Engineering and Mathematics (competitive preference);
  3. Expansion and Adaptation of Statewide Longitudinal Data Systems (invitational priority);
  4. P-20 Coordination and Vertical Alignment (invitational priority); and
  5. School-level Conditions for Reform and Innovation (invitational priority).

# ARRA Comp. Grants: Race to the Top

- Similar to SFSF Phase II, application will include numerous selection criteria tied to the 5 priority areas such as:
  - ✓ **Participation in development/adoption of common K-12 standards and assessments;**
  - ✓ **Statewide longitudinal data system that includes the 12 elements in the America COMPETES Act;**
  - ✓ **Differentiating teacher/principal effectiveness based on performance (student growth);**
  - ✓ **Ensuring equitable distribution of effective teachers and principals;**
  - ✓ **State authority to intervene directly in lowest-performing schools and ability to turn around struggling schools;**
  - ✓ **Increasing the supply of high-quality charter schools.**

# ARRA Construction Funding

## ▪ Bond funding for school renovation and construction through two tax-credit bond programs:

- ✓ Continuation of the Qualified School Construction Bond (QZAB) program (renovation only) - \$7.4 million in 2008 & \$26.0 million in 2009 for Va. Bond allocation awards made to divisions.
- ✓ New bond program: Qualified School Construction Bonds (QSCBs) (new construction or renovation) - \$191.1 million in 2009 & 2010 for Va.
  - for 2009, \$71.6 million for Literary Fund waiting list projects; \$119 million for competitive energy efficiency projects; VPSA conduit issuer.
- ✓ Purchasers of QZABs/QSCBs receive federal income tax credit in lieu of interest payments. Issuers pay principle only with zero or near zero interest.

## Impact Aid School Construction Program

- ✓ eligible Va. divisions applying for 60% competitive portion of funding (\$60 million available nationally).

# ARRA Reporting

- **Reporting requirements in ARRA Section 1512 and OMB/US DOE procedures. Reporting is quarterly and is cumulative through the two years of funding. VDOE reports data on behalf of subrecipients (i.e., divisions & higher ed. institutions).**
- **Reports are submitted over [FederalReporting.gov](http://FederalReporting.gov) and are due 10 days after close of each quarter. For the first quarterly report (quarter ended 9/30/09), VDOE prepared reports for 8 ARRA awards, both state-level and division-level information.**
- **Key data reported are division grant award amounts, division expenditures reimbursed, division payments to vendors of \$25,000 or greater, infrastructure information, and jobs saved/created.**

# ARRA Reporting

- **Jobs data is collected from divisions based on federal reporting guidelines:**
  - ✓ **job counts based on FTE hours worked divided by the number of hours in a full-time schedule;**
  - ✓ **full-time schedule starting point is 2/17/2009, date of enactment; and,**
  - ✓ **an aggregate total for the state is reported (1<sup>st</sup> quarter total jobs saved/created reported was 3,016 – some division job data outstanding).**
  
- **First quarter division expenditures reported were \$1.9M (as of 9/30, reflects little teacher pay activity). As of 10/14, division expenditures has significantly increased to \$15 million.**
  
- **States allowed to revise/correct 1<sup>st</sup> quarter data until late Oct. Final 1<sup>st</sup> quarter report data available to public on FederalReporting.gov by 10/30/09.**