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State Superintendent Shares Information about the American Recovery and Reinvestment Act

On Monday, April 6, 2009, State Superintendent of Public Instruction Jack O'Connell conducted a conference call that included staff from the California Department of Education (CDE), the CDE federal liaison officer, the Office of the Secretary of Education (OSE), and the education community to share information and details of the American Recovery and Reinvestment Act (ARRA) of 2009. Listed below are the key provisions of the three main categories of resources in the ARRA: Title I, the Individuals with Disabilities Education Act (IDEA), and the State Fiscal Stabilization Fund (SFSF).

Title I

Funding

To date, California has received $564 million, which is equal to 50% of the total allocation for Title I. The remaining 50% will be distributed sometime between July 1 and October 1 of this year and is contingent on the U.S. Department of Education's (USDE) evaluation of the state's utilization of the first apportionment.

Restrictions

The funding for Title I will continue to follow the current Title I allocation formulas. The funding can only be expended based on Census data counts of low income students in the local educational agency's (LEA) area of residence. Title I funds must be spent on Title I students in Title I schools for supplementary purposes. This means that the "supplement not supplant" requirements must be followed.

In addition, the required set asides of 5% for Highly Qualified Teacher training and 20% for choice and supplemental services for schools in Program Improvement (PI) are in effect.

Distribution of Funds

The first 50% of funds has been distributed to California by the federal government. The apportionments to LEAs are expected to be made in May. The CDE is calculating the apportionments to school districts, county offices, and charter schools. Funding estimates previously provided by USDE overstate the amount school districts would receive because they did not include payments to county offices of education and charter schools. The ability to file for a waiver for the 15% carryover requirement is available. This option is available to LEAs every three years. More specifics on the waivers will be forthcoming from the USDE.

Reporting Requirements

The Title I funds provided by the ARRA must be accounted separately from the non-ARRA Title I funds. LEAs are required to demonstrate how the funds were used to help improve pupil performance. The reporting requirements for this funding have tightened and will be monitored closely. Reporting guidance from CDE will be forth coming.

IDEA

Funding

California has received $634 million, or about 50% of the total allocation for IDEA funding. The remaining 50% will be distributed by September 30, 2009, and is contingent on the USDE's evaluation of the state's utilization of the first apportionment.

Restrictions

IDEA, Part B, funding allows for 50% of the increased ARRA funds be used to reduce state and local expenditures, which is used in determining the maintenance-of-effort (MOE) requirements (under the 2004 reauthorization). (See "*American Recovery and Reinvestment Act [ARRA] Updates and Sound Planning Tips*" in the April 3, 2009, *Fiscal Report*). However, the 50% offset must be used for activities allowed under the Elementary and Secondary Education Act (ESEA), which includes programs under No Child Left Behind.

Distribution of Funds

The first 50% of funds has been distributed to California by the federal government. The apportionments to LEAs are expected to be issued in May. The funding will be distributed to Special Education Local Plan Area (SELPA) Administrative Units based on the AB 602 formula. The distribution to local school districts will be based upon the SELPA plans currently in place. There will be additional guidelines provided by the USDE.

Reporting Requirements

LEAs must account for IDEA funds from the ARRA separately from the non-ARRA IDEA funds. LEAs can expect additional reporting requirements based on guidelines determined by the USDE. These reporting guidelines will be forthcoming.

State Fiscal Stabilization Funds

Funding

California will receive $5.9 billion in State Fiscal Stabilization Funds (SFSF) under ARRA. Two-thirds of the funds will be released in the first phase. No SFSF funds have been received yet by the state. In order to receive these funds, the Governor must complete an application to the federal government, which will be submitted within the next week or two. The application requires that the state assure funding for education at the fiscal year 2006 level, enhance teacher quality, and create a longitudinal data system and better assessments for English Learners and special education students. Funding can be used for school years 2008-09, 2009-10 and 2010-11 including for summer school and intersession. At the local level, LEAs must submit an application for their share of the funds. LEAs can apply for a competitive portion of the SFSFs if they exemplify effective strategies to improve pupil performance. A simple application is currently under development by the CDE.

Restrictions

The overall purpose of the SFSF is to save jobs and increase student performance. This portion of the federal stimulus funding is the most flexible.

Distribution of Funds

State officials have discussed allocating SFSF in accordance with the base formula for the revenue limit; however, there have been subsequent discussions regarding alternatives, such as distributing half the funding via the revenue limit and the other half as categorical funding. The final decision has yet to be determined. Once an application has been approved, there will be more information forthcoming regarding amounts and distribution basis.

Reporting Requirements

The state will be required to submit annual reports illustrating how the funds were used for the following:

1. Saving or creating jobs.
2. Enhancing the number of Highly Qualified Teachers.
3. Implementing a state longitudinal data system.
4. Creating assessments for English Learners and special education students.

It was clear from Superintendent Jack O'Connell that the most flexible funds to schools will not arrive-and may not be known-until after the May 15 deadline for layoff notices.

-***Lewis Wiley, Michele Huntoon, CPA, and Terry Anderson***

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