

The American Recovery and Reinvestment Act of 2009

Implications for Secondary Schools



President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA) into law on February 17, 2009. ARRA includes significant funding for education, some of which will affect secondary schools directly.

The majority of ARRA's education-related funding is targeted toward filling gaps in existing programs and providing governors with emergency funding necessary to keep states' budgets afloat. This funding is not a substitute for the policy changes that would come with a thoughtful and substantive reauthorization of the Elementary and Secondary Education Act, also known as the No Child Left Behind Act. However, the funding will provide U.S. Secretary of Education Arne Duncan (the Secretary) with considerable flexibility in allocating certain funds and an opportunity to advance some reforms that have the potential to improve educational outcomes.

Below is a brief description of the education-related sections of ARRA:

State Fiscal Stabilization Fund: The state fiscal stabilization fund has three components: funds to assist states in making up their budget shortfalls, a state incentive fund, and an Innovation Fund. To receive their portion of the \$53.6 billion—\$40 billion of which must be spent on education—states must commit to certain “assurances” in their applications to the Secretary; they must state that they will establish or continue to build longitudinal education data systems, improve their K–12 content and achievement standards and assessments so that they are aligned with twenty-first-century workforce skills, maintain education funding, improve teacher distribution, and support struggling schools. The \$40 billion set-aside for education includes:

- **State Incentive Grants:** Through the State Incentives Grants, ARRA provides \$4.35 billion to states that demonstrate improved outcomes for disadvantaged students, submit plans for complying with the regulations to improve graduation rate calculations and accountability (finalized in October 2008 by the U.S. Department of Education), and use the incentive funds for activities to improve student outcomes.
- **Innovation Fund:** The Innovation Fund is designed to provide an additional \$650 million to school districts that are successfully closing achievement gaps for purposes of scaling up their programs and/or identifying and replicating best practices.

Title I: Title I of the No Child Left Behind Act (NCLB) is the federal government's signature program for targeting funds to low-income elementary and secondary schools. ARRA appropriates an additional \$13 billion for Title I, including a \$3 billion set-aside for school improvement activities. Traditionally, decisions related to how Title I funds are distributed from districts to their schools is left to the discretion of district leaders. Historically, secondary schools have received little of this funding; less than 30 percent of students currently benefiting from Title I are middle and high school students. Recognizing this, congressional leaders included language in the conference report accompanying the final legislation that encourages districts to allocate 40 percent of the school improvement set-aside (\$1.2 billion) to secondary schools; the strength of this language will depend largely on the Secretary's implementation decisions.

Special Education: The Individuals with Disabilities in Education Act (IDEA) is an important federal law requiring that students with disabilities have access to free, appropriate public education. The additional \$11.3 billion provided through ARRA for special education—some of which will go to high schools—is aimed at ensuring that districts and schools can continue to comply with IDEA requirements under tight fiscal restraints.

Educational Technology: This pre-existing program, currently authorized through NCLB, provides funding to states to support state, district, and school efforts to integrate technology into curricula to improve student achievement and readiness for college and work. Although the \$650 million provided through ARRA for this program would not necessarily be directed to high schools, it is expected that some portion will be.

Statewide Data Systems: This pre-existing program, currently authorized through The Education Sciences Reform Act of 2002, provides funding for states to develop robust, longitudinal data systems that are critical to achieving many policy goals including accurate calculation of graduation rates, the implementation of growth models, and the measurement of program and intervention effectiveness. ARRA provides an additional \$250 million for the Institute for Education Sciences to grant to states for the building and improvement of these systems.

Other provisions in the bill provide funding to modernize institutions of higher education and to increase funding for Pell grants. For more information, visit the Alliance for Excellent Education's website at www.all4ed.org.

Total State Fiscal Stabilization Fund*	\$53.6B
<i>State Fiscal Stabilization Fund, education portion</i>	\$40B
<i>State Incentive Grants</i>	\$4.35B
<i>Innovation Fund</i>	\$650M
Title I (Education for the Disadvantaged)	\$13B
<i>School Improvement</i>	\$3B
Special Education (IDEA)	\$11.3B
Educational Technology	\$650M
Pell Grants	\$17B
Statewide Data Systems	\$250M
<small>*This chart highlights only selected programs; the programs and amounts included here do not sum to the total State Fiscal Stabilization fund.</small>	